Supreme Court, U.S.
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No.

In the
Supreme Court of the United States

TERENCE LOOSE, AS TRUSTEE OF THE WILLIAM LOOSE FAMILY TRUST, *Petitioner*,

v

EMIL CADKIN, ET AL., *Respondents*,

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

Sandra L. Levin
COLANTUONO & LEVIN
300 South Grand Avenue Suite 2700
Los Angeles, CA 90071
Telephone (213) 542-5700

Peter R. Afrasiabi
Counsel of Record
ONE LLP
535 Anton Boulevard
Suite 850
Costa Mesa, CA 92626
Telephone (714) 434-8750

QUESTION PRESENTED

Whether civil defendants must obtain a final preclusive judgment establishing immunity from future federal lawsuits in order to be considered prevailing parties for purposes of an award of attorney's fees under Section 505 of the Copyright Act or are defendants who obtain favorable interim judicial orders and court-ordered dismissal of copyright claims in the pending lawsuit eligible for prevailing party status? Put another way, must defendants categorically obtain final judgment on the merits or can prevailing party status be conferred within the meaning of *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598 (2001), when defendants obtain judicially sanctioned interim relief in an action subsequently rendered moot by plaintiff's voluntary dismissal?

LIST OF PARTIES

Petitioner is Terence Loose, in his capacity as Trustee of the William Loose Trust, erroneously named as the William Loose Family Trust

Respondents are Emil Cadkin, as an individual, and Lila Cadkin, as Trustee of the Cadkin Trust.

Irma Loose, an individual, and May-Loo Music, Inc., a California corporation were appellees in the proceedings below but are not parties here

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OPINIONS BELOW

The court of appeals' opinion is reported at 569 F.3d 1142. Pet. App. 1a. The district court's order awarding attorney's fees (Pet. App. 27a) is unreported.

JURISDICTION

The court of appeals' judgment was entered on June 26, 2009. Rehearing was denied on September 15, 2009. On December 7, 2009, Justice Anthony Kennedy extended the time to file the petition for writ of certiorari until January 18, 2010. This Court has jurisdiction pursuant to 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

Section 505 of the Copyright Act provides:

> In any civil action under the title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

17 U.S.C. § 505.

STATEMENT OF THE CASE

In *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598 (2001), this Court articulated the test for determining when a litigant qualifies as a prevailing party under certain federal fee-shifting statutes. Under *Buckhannon*, the inquiry for determining the prevailing party requires an examination of whether the party seeking fees has experienced a judicially sanctioned material alteration in the legal relationship of the parties in the lawsuit. *See id.* at 605. The question is whether the prevailing party obtained some court-ordered relief on the merits materially altering the parties' legal relationship. While a voluntary change outside the litigation lacks the necessary judicial imprimatur to confer prevailing party status, and a favorable final judgment on the merits is sufficient to confer such status, this Court has never held that a prevailing defendant must obtain final preclusive judgment on the merits before prevailing party status can be conferred.

Several circuit courts of appeals have rejected a *per se* rule that judgment on the merits is categorically required to establish prevailing party status under federal fee-shifting statutes. In awarding fees to plaintiffs, the courts of appeals, including the Ninth Circuit, generally confer prevailing party status when plaintiff obtains preliminary interim relief, even if plaintiff ultimately does not succeed on the merits of its claim, or the underlying claims are subsequently rendered moot. In *Sole v. Wyner*, 551 U.S. 74 (2007), this Court recently left open the possibility that absent

a final decision on the merits, interim success on preliminary injunction may warrant an award of fees.

The question presented here is whether defendants can achieve prevailing party status absent a final preclusive judgment in the pending lawsuit or, instead, whether they must obtain a favorable adjudication on the merits of plaintiff's claims sufficient to achieve preclusive effect in future federal court litigation. Put another way, must prevailing defendants establish, categorically, *immunity from future suit*, regardless of whether they obtain a substantial degree of court-ordered relief in the pending action, or can plaintiff unilaterally preclude a fee award and nullify the judicial imprimatur by subsequently voluntarily dismissing the action. In categorically requiring prevailing defendants to obtain a preclusive judgment, while conferring the same status on plaintiffs who achieve interim relief, the Ninth Circuit's rule contravenes this Court's mandate in *Buckhannon*, imposes a disparate double standard and creates a doctrinal split among the circuit courts.

Petitioner Terence Loose, as Trustee for the William Loose Family Trust, seeks review of the Ninth Circuit's decision reversing the district court's $288,726.20 award of attorney's fees under § 505 of the Copyright Act. After four years of litigation, three orders of dismissal, an abandonment of all remaining federal claims and an impending order of dismissal with prejudice, the district court found Respondents' copyright claims were objectively unreasonable, denied a request for remand, deemed Petitioner prevailing party and awarded fees. After the tentative order of

dismissal with prejudice issued, Respondents, Emil Cadkin and Lila Cadkin, as Trustee of the Cadkin Trust, voluntarily dismissed their federal action and re-filed their state law claims in superior court. The Ninth Circuit reversed the award of fees, overruling *sua sponte* its 68-year-old decision in *Corcoran v. Columbia Broadcasting, Inc.*, 121 F.2d 575 (9th Cir. 1941), and holding that, under *Buckhannon*, defendants are not prevailing parties absent a judicially preclusive judgment foreclosing future federal court actions. "Because the plaintiffs in this lawsuit remained free to refile their copyright claims against the defendants in federal court following their voluntary dismissal, . . defendants are not prevailing parties." Pet. App. 4a.

I. Factual Background[1]

From about 1959 until the 1970s, Emil Cadkin, sometimes solely and sometimes with composer William Loose, created and recorded thousands of music cues – short musical works used in television and film. Pet. App. 39a. Some of these cues were administered by GRH Music ("GRH"), owned by Cadkin and Loose. In the 1960s, Cadkin authorized Loose to license these music cues to third parties. *Id.* Emil Cadkin formed the Cadkin Trust for his share of the copyright interest, and appointed his wife, Lila Cadkin, as Trustee.

William Loose formed May-Loo Music, Inc. to license the music he composed and controlled, including the works he co-authored with Cadkin. Pet. App. 5a.

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[1] The facts stated here are as recited in the opinions below.

The licensing proceeds were split between Loose's wife, Irma Loose, and the William Loose Family Trust. Terence Loose, William's son, was appointed Trustee.

In October 2003, Emil Cadkin and Lila Cadkin, as Trustee of the Cadkin Trust (the "Cadkins"), filed an action in federal district court against Terence Loose, as Trustee of the William Loose Family Trust (the "Trust"), and Irma Loose and May-Loo Music, Inc. (collectively, "May-Loo"). The Cadkins alleged that William Loose removed Emil Cadkin's name as author and GRH's name as publisher from works Cadkin composed or co-composed with Loose, and incorporated those cues into the May-Loo music library, thereby crediting William Loose as the sole composer and depriving the Cadkins of their half of the royalty share. Pet. App. 5a. The Cadkins alleged that May-Loo and the Trust continued to license and profit from the works after William Loose died, and that they concealed their fraudulent action until within three years of the Cadkins' complaint. Pet. App. 39a.

The Cadkins' complaint, brought more than 40 years after GRH was formed, implicated over 5000 music cues, alleged William Loose registered the works with the U.S. Copyright Office, and asserted multiple claims for relief, including damages, for copyright infringement, fraud, statutory and common law unfair competition, false designation of origin (trademark) and various California state law claims. Pet. App. 5a-6a.

In February 2007, after extended settlement discussions proved fruitless, the Trust and May-Loo filed motions to dismiss, which were granted in part.

The district court found, *inter alia*, that the state law claims were preempted by the Copyright Act, dismissing them without prejudice, that the fraud claims were not alleged with sufficient particularity, dismissing them without prejudice, and directed the Cadkins to join necessary parties. Pet. App. 48a-61a.

The Cadkins filed a first amended complaint, which contained three claims for relief: (1) copyright infringement; (2) false designation of origin (trademark); and (3) declaratory relief. Pet. App. 6a. The Trust and May-Loo again moved to dismiss. In May 2007, the district court granted the motions with leave to amend, noting that the Cadkins' "opposition makes no legal argument, whatever, and fails to cite to a single source of legal authority." Pet. App. 46a. The first amended complaint was dismissed for failure to allege sufficient facts; failure to plead fraud with specificity; failure to state a claim for copyright infringement; failure to state a claim for false designation of origin; and, failure to state a claim for declaratory relief. *Id.* The dismissal admonished that, should they choose to amend, the Cadkins "shall provide specific identifying information as to the music at issue," including detailed allegations of ownership, registration, fraud and infringement. Pet. App. 47a.

In response, the Cadkins lodged a proposed second amended complaint and moved the district court to remand the proceedings to state court. Pet. App. 6a. The motion admitted that "none of the parties herein may own the rights in any musical composition at issue," (*Id.*), and asserted that the "improprieties [which Cadkin has unearthed] are better resolved in

state court." Pet. App. 43a. In July 2007, the district court denied the motion to remand, explaining that remand was not possible when the case had been initiated in federal court. Pet. App. 44a. Even so, the Cadkins pressed on with the federal action.

Thereafter, the district court and the parties treated the second amended complaint as the operative pleading. Pet. App. 7a. The Cadkins omitted from the amended complaint the previously dismissed copyright infringement claims, and all other federal law claims. The second amended complaint instead contained strictly state law claims: declaratory judgment, unjust enrichment and accounting for profits. Pet. App. 7a.

In September 2007, the Trust and May-Loo moved to dismiss, arguing that the second amended complaint should be dismissed with prejudice because (1) all three state law claims were preempted by the Copyright Act, (2) the factual allegations (still) lacked the requisite specificity and (3) any federal copyright infringement or trademark claims were waived for the Cadkins' failure to include them in the second amended complaint. Pet. App. 7a.

On September 17, 2007, the district court issued its tentative ruling to dismiss the second amended complaint without leave to amend. In its tentative ruling, the district court deemed the Cadkins' failure to oppose as consent to dismissal, found the state law claims were preempted by the Copyright Act, and concluded, as an independent ground for dismissal, that the Cadkins failed to comply with the court's prior directive to plead the fraud claims with the requisite specificity. Pet. App. 38a-42a. The district court

further determined that the copyright claim was previously abandoned and thus could not be reasserted in the second amended complaint. Pet. App. 42a.

The district court deferred its final ruling however, taking the matter under submission to consider an intervening request for voluntary dismissal under Federal Rule of Civil Procedure 41(a)(1), which the Cadkins had recently lodged. Pet. App. 36a-37a. The form notice, which sought dismissal of the action in its entirety, did not indicate whether the dismissal was with prejudice, or without. Pet App. 14a.

The Cadkins' voluntary dismissal was entered without comment in October 2007. Pet. App. 7a.

In December 2007, the Trust and May-Loo moved for an award of attorney's fees and costs pursuant to Section 505 of the Copyright Act, in the amounts of $225,575 and $63,151.20, respectively. Pet. App. 28a. The district court granted the motions and awarded the full amounts requested, finding the Trust and May-Loo were prevailing parties for purposes of Section 505, and within the meaning of this Court's decision in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 (1994). The district court relied on longstanding Ninth Circuit precedent which provided that where "defendant has been put to the expense of making an appearance and of obtaining an order for the clarification of the complaint, and the plaintiff then voluntarily dismisses without amending the pleading, the party sued is the prevailing party." *Corcoran v. Columbia Broadcasting Sys., Inc.*, 121 F.2d 575, 576 (9th Cir. 1941). The district court noted that defendants brought five motions to dismiss and that

the Cadkins voluntarily dismissed their action on October 4, 2007, after the motion to dismiss the second amended complaint was filed and served and after the parties appeared for oral argument. Pet. App. 29a. In light of the subsequent voluntary dismissal, the court ultimately found the motion to dismiss was moot. *Id.*

In applying the *Fogerty* factors and exercising its discretion to award fees, the district court found the Cadkins' claims were objectively unreasonable and frivolous, and that a fee award would deter similarly unreasonable and frivolous future claims. Noting Emil Cadkin's judicial admission that he "does not own copyrights to any of the musical pieces at issue," and that the copyright "allegations have never been substantiated any evidence," the district court found the claims objectively unreasonable and unsupported by law or fact. Pet. App. 30a. The court further noted that it had previously rejected as objectively unreasonable Emil Cadkin's contention that he composed the cues at issue in a related litigation from 2003. According to the court, "[g]iven that Cadkin has provided no evidence that he was the copyright owner for any of the musical works at issue and now as much as admits that he is not the owner, the Court finds that the claims pled were frivolous." Pet. App. 31a.

In February 2008, the district court denied the Cadkins' motion for reconsideration, again noting Emil Cadkin's judicial admission on the record "that he does not own copyrights to any of the musical pieces at issue." Pet. App. 24a. Recognizing that Emil Cadkin "is only entitled to recovery under the Copyright Act if he owns copyrights to the works at issue," the district

court refused to reconsider its order, which was "based on Cadkin's admission that he is not and was never entitled to recovery based on his allegations." Pet. App. 24a-25a. Rejecting the assertion that the Cadkins' ability to bring their claims in a state court action rendered such claims objectively reasonable, the district court stated that whether or not the state law claims are preempted by federal copyright law, it is irrelevant since the court awarded "attorney's fees and costs incurred in connection with Cadkin's protracted federal court action, based on a federal copyright claim that he has admitted had no factual or legal basis." *Id.*

II. The Ninth Circuit's Opinion Below

The Ninth Circuit reversed, overruling *sua sponte* its decision in *Corcoran* as "clearly irreconcilable" with this Court's decision in *Buckhannon*, and finding defendants were not prevailing parties. Pet. App. 11a. Finding *Buckhannon's* material alteration test applies with equal force to the prevailing party fee provision in Section 505, the Ninth Circuit extended *Oscar v. Alaska Dep't of Educ. & Early Devel.*, 541 F.3d 978 (9th Cir. 2008), where it held that because "'a dismissal without prejudice is not a decision on the merits' and plaintiff was free to re-file his complaint in federal court, 'dismissal without prejudice does not alter the legal relationship of the parties because the defendant remains subject to the risk of re-filing.'" Pet. App. 12a (quoting *Oscar*, 541 F.3d at 981). The Ninth Circuit distinguished its decision in *Miles v. California*, 320 F.3d 986 (9th Cir. 2003), which applied *Buckhannon* to

confer prevailing party status on defendant where plaintiff's voluntary dismissal without prejudice to seek relief in state court changed the legal relationship between the parties because it "'eliminate[d] the federal ADA claim from further proceedings in federal court.'" Pet. App. 13a (quoting, *Miles*, 320 F.3d at 989).

Applying *Oscar* and *Miles* to the case at hand, the Ninth Circuit found that the Cadkins' voluntary dismissal, though not expressly with prejudice, was necessarily without prejudice because it was their first. Accordingly, and notwithstanding the district court's prior orders of dismissal or its substantive rulings on the binding nature of Emil Cadkin's judicial admissions, the Ninth Circuit held that the Cadkins' subsequent voluntary dismissal failed to alter the legal relationship of the parties because the defendants remain subject to the risk of re-filing. Pet. App. 17a.

The Ninth Circuit rejected the contention that the Cadkins' abandonment of the copyright claims (indeed, of all federal claims) in the second amended complaint altered the relationship between the parties because the intentional waiver functioned as a dismissal with prejudice as to the copyright claim. Although the Ninth Circuit has consistently held that "'all causes of action alleged in an original complaint which are not alleged in an amended complaint are waived,'" the court refused to apply the waiver rule to a new lawsuit after a voluntary dismissal without prejudice. Pet. App. 15a (quoting *Marx v. Loral Corp.*, 87 F.3d 1049, 1055 (9th Cir 1996)). Relying on a decision in which the Ninth Circuit refused to carry over to a new action a state's waiver of its sovereign of

immunity in a prior action, the court characterized Fed. R. Civ. P. 41(a) as a categorical rule that "'disallows the "carry-over" of any waiver from a voluntarily dismissed action,'" and under which such dismissals leave the situation "'as if the action had never been [filed].'" Pet. App. 16a (quoting *City of S. Pasadena v. Mineta*, 284 F.3d 1154, 1157 (9th Cir. 2002)).

The Ninth Circuit rejected the contention that the district court's prior dismissals of the copyright claims were sufficient to confer prevailing party status despite the Cadkins' subsequent voluntary dismissal, and refused to extend the reasoning of its decision in *Watson v. County of Riverside*, 300 F.3d 1092, 1093 (9th Cir. 2002). Pet. App. 16a. In *Watson*, prevailing party status was conferred on a plaintiff who obtained interim preliminary injunctive relief, but whose claim for permanent injunctive relief was rendered moot before final judgment was entered. *Watson* stated the Ninth Circuit's rule for plaintiffs: "Having succeeded in winning a preliminary injunction that prevented the use of his report at the hearing, [plaintiff] obtained significant, court-ordered relief that accomplished one of the main purposes of his lawsuit." *Id.* at 1096. That change in the employer's behavior, according to the Ninth Circuit, though temporary and ultimately rendered moot, "'carrie[d] all the "judicial imprimatur" necessary to satisfy *Buckhannon*.'" Pet. App. 17a (quoting *Watson*, 300 F.3d at 1096 and citing *Buckhannon*, 532 U.S. at 603 ("'a prevailing party' is one who has been awarded some relief by the court'")).

The Ninth Circuit refused to apply *Watson's* reasoning to confer prevailing party status on

defendants who obtain interim court-ordered relief, which is subsequently rendered moot by plaintiff's voluntary actions Notwithstanding that the Trust obtained court-ordered relief in the pending lawsuit, the Ninth Circuit required a preclusive judgment on the merits sufficient to foreclose future federal actions. Despite the district court's prior dismissals, impending order of dismissal with prejudice, and findings of objective unreasonableness, abandonment of federal claims and judicial admissions, the Ninth Circuit held that defendants are not prevailing parties under *Buckhannon* where, by virtue of a voluntary dismissal without prejudice, plaintiffs "have not been deprived of the ability to seek relief in federal court." Pet. App. 17a. The Ninth Circuit held, categorically: "[A] defendant is a prevailing party following dismissal of a claim if the plaintiff is judicially precluded from refiling the claim against the defendant in federal court." *Id.*

REASONS FOR GRANTING THE WRIT

The Ninth Circuit's *per se* rule that defendants must establish immunity from future suit in order to qualify as prevailing parties under federal law at once unduly restricts and contravenes this Court's decision in *Buckhannon*. Under the Ninth Circuit's rule, unlike plaintiffs who can be deemed prevailing parties upon obtaining interim relief, defendants must obtain a final judgment that precludes re-litigation of the same claim before prevailing party status will be conferred, notwithstanding any interim alteration in the legal relationship during the course of the pending action.

The Ninth Circuit's blanket rule contravenes *Buckhannon*, which does not expressly limit cognizable relief to final preclusive judgments on the merits, or contemplate disparate standards for civil defendants.

Buckhannon establishes a rule that confers prevailing party status upon a judicially sanctioned material alteration in the parties' relationship in the pending action, and expressly rejects a rule that would condition prevailing party status on one party's extra-judicial voluntary act. While this Court has recently declined to decide whether temporary relief absent final judgment is sufficient to warrant an award of fees to plaintiff, it has never held that final preclusive judgment is necessary for defendant, or plaintiff, before prevailing party status can be conferred. The pertinent question under *Buckhannon* is whether there is a material alteration in the parties' relationship in the pending action, not whether plaintiff is forever barred from litigating. Even so, dismissal carries consequences in subsequent suits, where claims are abandoned, judicially conceded or statutorily barred.

The Ninth Circuit's categorical rule requiring immunity from future suit creates a double standard for defendants, and cannot be reconciled with other circuits, which routinely confer prevailing party status on plaintiffs who obtain non-preclusive interim relief. This new rule applies with equal force to all claims arising under analogous federal fee-shifting statutes and thus affects a vast array of federal court litigants. Review is warranted to clarify whether preclusive judgment is required under *Buckhannon* and, if so, whether plaintiffs must obtain equal relief to prevail.

I. THE NINTH CIRCUIT'S *PER SE* RULE REQUIRING DEFENDANTS TO ESTABLISH IMMUNITY FROM FUTURE LITIGATION, REGARDLESS OF INTERIM JUDICIAL RELIEF, CONTRAVENES THE DECISIONS OF THIS COURT

In *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598 (2001), this Court articulated the test for determining when a litigant qualifies as a prevailing party under certain federal fee-shifting statutes. Under *Buckhannon*, the inquiry for determining the prevailing party requires an examination of whether the party seeking fees has experienced a judicially sanctioned material alteration in the legal relationship of the parties in the lawsuit. *See id.* at 605. This Court considered whether a plaintiff who has failed to secure a final judgment on the merits or a court-ordered consent decree, but has nevertheless achieved the desired result because the lawsuit brought about a voluntary change in the defendant's conduct, can be deemed a prevailing party for purposes of warranting a fee award. In rejecting the "catalyst theory" for determining prevailing party fee awards, this Court distinguished court-ordered or judicially sanctioned relief from favorable outcomes that result from a voluntary, extra-judicial change in defendant's conduct This Court cited final judgments on the merits and court-ordered consent decrees as examples of judicially enforceable relief, which stand in contrast to relief obtained as a result of defendant's unilateral acts. *See id.* at 604.

This Court held:

> A defendant's voluntary change in conduct, although perhaps accomplishing what the plaintiff sought to achieve by the lawsuit, lacks the necessary judicial *imprimatur* on the change. Our precedents thus counsel against holding that the term "prevailing party" authorizes an award of attorney's fees *without* a corresponding alteration in the legal relationship of the parties.

Id. at 605 (emphasis in original).

This Court surveyed its past holdings awarding attorney's fees where plaintiff obtained a judgment on the merits or a court-ordered consent decree, and its refusal to award fees where plaintiff failed to obtain any *judicial* relief on the merits but, instead, simply survived directed verdict or secured a judicial pronouncement – without any accompanying judicial relief – that defendant violated the Constitution. *See id.* at 605-606. This Court's focus as reflected in *Buckhannon* has been the judicial nature and court-ordered genesis of the relief obtained which in turn effectuates a change in the parties' legal relationship, not the timing, durability or preclusive effect of the judicial relief obtained. Thus, while *Buckhannon* recognized that "[n]ever have we awarded attorney's fees for a nonjudicial 'alteration of actual circumstances,'" the Court did not expressly hold that only judgments on the merits qualify a prevailing party. *Id.* at 606 (citation omitted).

And while prevailing parties do not include plaintiff "who, simply by filing a nonfrivolous but nonetheless potentially meritless lawsuit . . ., has reached the 'sought-after destination' without obtaining any judicial relief," nowhere in *Buckhannon* did this Court expressly require immunity from future suit as a condition to an award of fees. *Id.* (citation omitted). Instead, the test this Court established, by its terms, is broad enough to encompass interim judicial relief: "[A] 'prevailing party' is one who has been awarded some relief by the court." *Id.* at 603.

The concurring opinion in *Buckhannon* further emphasized the significance of a judicial determination in the lawsuit – or its equivalent, "the acknowledgment by the defendant – of the merits of plaintiff's case." *Id.* at 612-614 & n.2; *see also id.* at 615 ("prevailing party" is a term of art meaning "the party who wins the suit or obtains a finding (*or an admission*) of liability") (Scalia, J., concurring) (emphasis added). The question is whether some court-ordered relief is obtained in the lawsuit (as opposed to by virtue of a mere change in circumstances), not whether a fully litigated preclusive judgment is entered. *See id.* at 615-619.

More recently, in *Sole v. Wyner*, 551 U.S. 74 (2007), in considering whether a plaintiff who obtained preliminary injunctive relief was a prevailing party, this Court characterized the inquiry more broadly: "'The touchstone of the prevailing party inquiry,' this Court has stated, is 'the material alteration of the legal relationship of the parties in a manner which Congress sought to promote in the fee statute.'" *Id.* at 82 (quoting *Texas State Teachers Ass'n v. Garland*

Independent School Dist., 489 U.S. 782, 792-793 (1989)); *see also Hewitt v. Helms*, 482 U.S. 755, 760 (1987) (plaintiff must "receive at least some relief on the merits of his claims before he can be said to prevail"); *Maher v. Gagne*, 448 U.S. 122, 129 (1980) (upholding fees based on consent decree and stating that "'parties may be considered to have prevailed when they vindicate rights through a consent judgment or without formally obtaining relief.'") (citation omitted).

In *Sole*, this Court considered whether a plaintiff who obtained preliminary injunctive relief but then lost on the merits and suffered a judgment against her, qualifies as a prevailing party. This Court thus examined whether temporary interim court-ordered relief warrants an award of fees, where such relief is superseded by final judgment on the merits. *See Sole*, 551 U.S. at 81-86. This Court did not categorically reject the possibility that preliminary injunctive relief can confer prevailing party status, nor did it expressly require final preclusive judgment on the merits. Instead, this Court narrowly held that prevailing party status "does not attend achievement of a preliminary injunction that is reversed, dissolved, or otherwise undone by the final decision *in the same case*." *Id.* at 83 (emphasis added). In declining to confer prevailing party status, this Court emphasized the abbreviated and fleeting nature of the tentative interim relief plaintiff obtained, and noted the provisional relief would have no preclusive effect in the continuing litigation. Even so, this Court limited its ruling to preliminary injunctions that are reversed by judgment on the merits in the same action. *See id.* at 85-86.

This Court did not suggest that all preliminary relief is categorically insufficient, or that such relief must achieve preclusive effect not only in the continuing litigation but also in all future actions. To the contrary, this Court expressly declined to issue a *per se* rule regarding all interim relief and instead left open the possibility that preliminary injunctions obtained in the absence of a final decision on the merits may sometimes warrant an award of fees. *See id.* at 86 ("We express no view on whether, in the absence of a final decision on the merits of a claim for permanent injunctive relief, success in gaining preliminary injunction may sometimes warrant an award of counsel fees. We decide only that a plaintiff who gains a preliminary injunction does not qualify for an award of counsel fees under § 1988(b) *if the merits of the case are ultimately decided against her.*") (emphasis added).

Preliminary injunction, by definition, is not a final judgment on the merits – or even, necessarily, an adjudication of the merits – and it is accorded no preclusive effect in the pending action or in future actions between the same parties.[2] Presumably, had

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[2] Under California law, which governs the preclusive effect of judgments obtained in this case, a preliminary injunction is not an adjudication on the merits and is accorded no *res judicata* or collateral estoppel effect in future litigation between the parties *See Gallo v Acuna,* 14 Cal 4th 1090, 1009 (1997) Thus, where plaintiff obtains preliminary injunction and the case is dismissed for mootness, *defendant remains at risk for future litigation on the same claims* (should they recur), and the previously obtained preliminary injunction has no preclusive effect in the second suit *See id*

this Court construed "prevailing party" as defined in *Buckhannon* to categorically preclude all interim judicial relief absent a final preclusive judgment it would have so held in *Sole*. Indeed, this Court has unanimously recognized that a plaintiff can be "prevailing party" without obtaining final relief on the "central issue in the suit." *Texas State Teachers*, 489 U.S. at 790. The question is whether there has been a "material alteration of the legal relationship of the parties." *Id.* at 792-793; *id.* at 791. That *Buckhannon* clarified such change must be court-ordered does not constitute a *per se* rule requiring defendants to obtain immunity from future suits [3]

Here, in requiring defendants to establish immunity from future suit, regardless of the interim and ultimate judicial relief obtained, the Ninth Circuit created a *per se* rule that contravenes the material alteration test as articulated by this Court. This Court has never expressly held that a final preclusive judgment on the merits – sufficient to achieve not only preclusive effect in the pending action but also *immunity from future suits* – is necessary before prevailing party status can be conferred. Such a rule requires defendants to litigate every case to finality – at the risk of an extorted settlement – while plaintiffs

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[3] *Buckhannon* approved *Parham v Southwestern Bell Tel Co.*, 433 F.2d 421, 427-429 (8th Cir. 1970), where plaintiff was deemed prevailing party and awarded fees when defendant changed its employment policies after a judicial finding of discrimination but absent an award of judicial relief. *See Buckhannon*, 532 U S at 616-617 & n.3 (fee award upon finding of discrimination but no judicial relief) (Scalia, J., concurring)

can obtain fees by securing temporary interim relief on a single claim. Here, the Trust achieved a judicially sanctioned alteration in the parties' relationship: it obtained court-ordered dismissal of the copyright claims, an admission of no liability, and an abandonment of all federal claims in the pending action. These judicial findings and the abandonment of federal claims were given preclusive effect in the pending action, and were never reversed, dissolved or undone. But for the subsequent voluntary dismissal, which rendered the action moot, the Trust would have achieved final preclusive judgment on the merits.

A rule that allows plaintiffs through subsequent voluntary dismissals to moot final judgment for the purpose of nullifying the preclusive effect of judicial findings cannot be squared with *Buckhannon* or *Sole*.

II. THE NINTH CIRCUIT'S *PER SE* RULE CONFLICTS WITH OTHER CIRCUITS THAT HAVE RECOGNIZED PREVAILING PARTY STATUS DOES NOT REQUIRE FINAL PRECLUSIVE JUDGMENT ON THE MERITS, AND THAT HAVE AWARDED FEES BASED ON INTERIM RELIEF

The Ninth Circuit's rule requiring immunity from future suit is tantamount to a rule requiring final judgment on the merits. But several circuits have expressly recognized that under *Buckhannon* dispositions other than final judgments on the merits can confer prevailing party status. More significantly, several circuits, including the Ninth Circuit, have conferred prevailing party status on plaintiffs who

obtain interim relief, even when plaintiff ultimately fails on the merits of the case, fails to obtain permanent relief, or the underlying claims are rendered moot.

The Second Circuit in *Vacchio v. Ashcroft*, 404 F.3d 663 (2d Cir. 2005), expressly rejected the contention that plaintiff is considered a prevailing party only if the court finally adjudicated the merits of plaintiff's claim In finding plaintiff the prevailing party, the Second Circuit found the material alteration test applies to "any interim judicial relief that alters the parties' legal relationship." *Id.* at 673. It stated:

> *Buckhannon* does not limit fee awards to enforceable judgments on the merits or to consent decrees. While these orders were cited by the Court as examples of the types of actions that would convey the judicial imprimatur necessary to a fee award, broader language in *Buckhannon* indicates that these examples are not an exclusive list.

Id. at 674 (quoting *Pres. Coalition v. Fed. Transit Admin.*, 356 F.3d 444, 452 (2d Cir. 2004) (quoting *Buckhannon*, 532 U.S. at 604)). Applying this reasoning, the Second Circuit found plaintiff was a prevailing party for having obtained an interim order granting him release pending appeal, even absent preclusive final judgment on the merits, because the ruling "involved an assessment of the merits, [and] unquestionably materially altered the existing legal relationship between the parties." *Id.*

Previously, in *Roberson v. Giuliani*, 346 F.3d 75 (2d Cir. 2003), the Second Circuit expressly rejected a narrow reading of *Buckhannon* that would limit cognizable relief to final judgments on the merits:

> We therefore join the majority of courts to have considered the issue since *Buckhannon* in concluding that *judicial action other than a judgment on the merits or a consent decree can support an award of attorney's fees*, so long as such action carries with it sufficient judicial imprimatur.

Id. at 81-82 (collecting cases) (emphasis added); *see also Perez v. Westchester County Dep't of Corr.*, 587 F.3d 143, 150-151 (2d Cir. 2009) (rejecting contention that *Buckhannon* limited prevailing party status to final judgments on the merits, consent decrees or court-ordered settlements and stating: "Although the Supreme Court specifically mentioned merits decisions and consent decrees, *it did not suggest that one of these two conditions was necessary* for a party to prevail. Indeed, it referred to them as 'examples' of sufficient outcomes.") (emphasis added).

Indeed, the majority of circuits to have considered the issue have refused to construe *Buckhannon* as restricting prevailing party status to litigants who obtain final judgment on the merits. *See, e.g., Dearmore v. City of Garland*, 519 F.3d 517, 521 (5th Cir. 2008) ("Although an enforceable judgment on the merits and a court-ordered consent decree have sufficient judicial imprimatur, these examples are not

exclusive."); *N. Cheyenne Tribe v. Jackson*, 433 F.3d 1083, 1085 & 2 (8th Cir. 2006) (noting open question whether court orders, such as declaratory judgments and preliminary injunctions, may create judicially sanctioned material alteration in parties' relationship); *Smalbein v. City of Daytona Beach*, 353 F.3d 901, 905 (11th Cir. 2003) (concluding, consistent with sister circuits, that "judicial action with sufficient judicial imprimatur other than a judgment on the merits or a court-ordered consent decree may allow for an award of attorney's fees."); *T.D. v. Lagrange School Dist.*, 349 F.3d 469, 478 (7th Cir. 2003) ("a litigant must have obtained a judgment on the merits, a consent decree, or some similar form of judicially sanctioned relief.");[4] *see also Bell v. Bd. of County Comm'rs of Jefferson County*, 451 F 3d 1097, 1103 (10th Cir. 2006) (private settlement agreements can qualify); *Truesdell v. Philadelphia Hous. Auth.*, 290 F.3d 159, 164 (3d Cir. 2002) (judicially enforceable settlements can suffice).

The Ninth Circuit, too, when considering prevailing plaintiffs, has repeatedly recognized that litigants can achieve prevailing party status without obtaining a judgment on the merits. The Ninth Circuit has expressly rejected overly narrow interpretations of *Buckhannon* and has held on numerous occasions that "judgments and consent decrees are examples . . . *but they are not the only examples*" of judicial action

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4 The Federal Circuit in an unpublished decision refused to find that defendant cannot prevail absent judgment on the merits *See Tavory v NTP, Inc*, 297 Fed. Appx 986, 990 & n 3 (Fed Cir 2008)

sufficient to convey prevailing party status. *Watson v. County of Riverside*, 300 F.3d 1092, 1096 (9th Cir. 2002) (emphasis added); *see also Carbonell v. INS*, 429 F.3d 894, 899 (9th Cir. 2005) (recognizing that litigants can prevail for purposes of fees "as a result of judicial action other than a judgment on the merits"); *Richard S. v. Dep't of Developmental Servs.*, 317 F.3d 1080, 1086 (9th Cir. 2003) ("prevailing party status is not determined by the degree of success achieved. . . . [it] is determined by inquiring whether the party's "'actual relief on the merits of [their] claim materially alters the legal relationship between the parties by modifying the defendant's behavior in a way that directly benefits the plaintiff.'") (citation omitted); *Tipton-Whittingham v. City of L.A.*, 316 F.3d 1058, 1062 (9th Cir. 2003) (*Buckhannon's* examples of judgments and consent decrees are "illustrative, not exhaustive" types of relief capable of conferring prevailing party status).

More significantly, several circuits, including the Ninth Circuit, have conferred prevailing party status on plaintiffs who obtain preliminary or other interim relief, *even where plaintiff never succeeds in obtaining a final judgment* on, or adjudication of, the merits, and even where plaintiff's underlying claims and request for final relief are subsequently rendered moot by defendant's intervening actions. In such cases, the question is not whether plaintiff obtained a final preclusive judgment on the merits, which affords permanent relief and forecloses future actions. The question, rather, is whether the plaintiff obtained a merits-based judicially sanctioned material alteration in the parties' legal relationship for the *pertinent time*

period in the pending action during which the desired relief was sought and obtained.

In *Dearmore v. City of Garland*, 519 F.3d 517 (5th Cir. 2008), the Fifth Circuit, noting that this Court has not expressly defined the precise scope of the "judicial imprimatur" requirement, recognized that while "enforceable judgments on the merits and consent decrees are sufficient for prevailing party status," they are not necessary under *Buckhannon*. *Id.* at 521. Noting also that this Court has not decided whether preliminary injunctions in the absence of final judgment can confer prevailing party status, the Fifth Circuit declined to adopt a *per se* rule and instead considered a fact-specific standard. *See id.* at 521-523. The Fifth Circuit ultimately conferred prevailing party status on plaintiff who, in the absence of final adjudication on the merits, obtained preliminary injunctive relief that was subsequently rendered moot by defendant's accession to the prior court order.

The Fifth Circuit fashioned a three-part test and concluded that a merits-based preliminary injunction coupled with defendant's voluntary mooting of the action "in direct response" to the district court's order, which precluded final relief on the merits, "caused a material alteration in the legal relationship between the parties." *Id.* at 526. The Fifth Circuit concluded that *Buckhannon* embraces the possibility that interim judicial relief, including preliminary injunctions, may result in a court-ordered change in the parties' relationship, even in the absence of an admission or final adjudication of liability. *See id.* Rejecting the contention that defendant's post-order, prejudgment

voluntary change in behavior precluded plaintiff's prevailing party status, the Fifth Circuit stated: "*Buckhannon* does not stand for the proposition that a defendant should be allowed to moot an action to avoid the payment of the plaintiff's attorney's fees when a district court grants a preliminary injunction based upon an unambiguous indication of probable success on the merits." *Id.* at 524. Thus, where interim relief is obtained upon a judicial assessment of the merits, and final relief is mooted after the judicial determination is made, prevailing party status can be conferred.[5]

The Third Circuit in *People Against Police Violence v. NAACP*, 520 F.3d 226 (3d Cir. 2008), applied similar reasoning to reach the same result. Noting that this Court left open the possibility that temporary interim relief can confer prevailing party status, the Third Circuit expressly stated that "litigation need not progress to a final judgment on the merits" for a fee award to be proper under *Buckhannon*. *Id.* at 232. The Third Circuit joined its sister circuits to conclude that relief on the merits in the form of a provisional preliminary injunction can confer prevailing party status even if final judgment is never reached. *See id.* at 232-234 & n.4 (collecting cases). The Third Circuit rejected the contention that defendant's post-injunction voluntary consent to the relief precluded fees because defendant acquiesced

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5 The Fifth Circuit emphasized that defendant's mooting of the action in direct response to the interim order should be construed as acquiescence in determining prevailing party status *See id* at n 3.

after it opposed judicial relief, and its requests for dismissal were denied. *See id.* at 234-235.

The Second, Sixth, Seventh and District of Columbia Circuits are in accord, and have recognized that preliminary interim judicial relief, even absent final preclusive adjudication on the merits, can confer prevailing party status. These circuits reject a *per se* rule and instead consider the facts and circumstances surrounding the interim order to determine whether *Buckhannon* has been satisfied. *See, e.g., Dupuy v. Samuels*, 423 F.3d 714, 723-724 & n.4 (7th Cir. 2005) (rejecting *per se* rule that preliminary injunction can never serve as predicate for interim fee award); *Vacchio*, 404 F.3d at 672-674 (rejecting *per se* rule that interim stay or preliminary injunction absent final judgment requires automatic denial of fees); *Select Milk Producers, Inc. v. Johanns*, 400 F.3d 939, 945-946 (D.C. Cir. 2005) (rejecting contention that *Buckhannon* established *per se* rule that preliminary injunction can never warrant prevailing party fees and adopting case-by-case test); *Dubuc v. Green Oak Township Zoning Bd. of Appeals*, 312 F.3d 736, 753-754 (6th Cir. 2002) (noting preliminary injunction can qualify if based on "'an unambiguous indication of probable success on the merits, and not merely a maintenance of the status quo ordered because [of] the balance of equities'") (citation omitted);[6] *see also N. Cheyenne Tribe*, 433 F.3d at 1086

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[6] The Eleventh Circuit in an unpublished decision found that merits-based preliminary injunctions warrant fees. *See Wyner v Struhs*, 179 Fed Appx 566 (11th Cir 2006), *rev'd on other grounds, Sole v Wyner*, 551 U.S 74 (2007)

(suggesting that some merits-based preliminary relief could confer prevailing party status); *cf. Smyth v. Rivero*, 282 F.3d 268, 275-277 & nn.8-9 (4th Cir. 2002).

The Ninth Circuit has adopted a generous approach when considering whether plaintiffs who obtain interim relief but fail to secure final preclusive judgment on the merits are prevailing parties, stating that a "preliminary injunction issued by a judge carries all the 'judicial imprimatur' necessary to satisfy *Buckhannon*." *Watson v. County of Riverside*, 300 F.3d 1092, 1096 (9th Cir. 2002). The Ninth Circuit holds that plaintiffs who win preliminary relief are prevailing parties notwithstanding the subsequent mooting of their actions and failure to obtain final relief. So long as interim relief is mooted, and not reversed, prevailing party status can be conferred. *See id.* The Ninth Circuit does not require preclusive judgments for plaintiffs, nor a merits-based ruling. The relevant inquiry is whether the interim order materially altered the parties' legal relationship for the "pertinent time period" during the pending action. *Id.* at 1095 (citation omitted); *id.* at 1093 (plaintiff who obtains preliminary injunction prevails "even though he did not recover any other relief"); *Richard S.*, 317 F.3d at 1088-1089 (rejecting that preliminary injunction issued to preserve status quo without assessment of merits cannot confer prevailing party status).

The Ninth Circuit has extended this rule to confer prevailing party status on a plaintiff who obtained an interim stipulated 45-day stay from deportation, and thus achieved the desired result for the pertinent time period – notwithstanding that he

was under a final deportation order and failed to obtain any affirmative relief in the underlying action. *See Carbonell*, 429 F.3d at 899-902 (citing *Rueda-Menicucci v. INS*, 132 F.3d 493, 495 (9th Cir. 1997) (plaintiff prevails upon securing remand without adjudication of merits or grant of affirmative relief)); *cf. Vacchio*, 404 F.3d 663 (stays, injunctions and "any interim judicial relief that alters the parties' legal relationship" can confer status if governed by assessment of merits).

These cases demonstrate that circuit courts uniformly confer prevailing party status on plaintiffs who obtain interim relief without securing a final preclusive judgment. By definition, preliminary injunctions and stays are not preclusive in the pending action and are accorded no preclusive effect in future actions between the parties. Preliminary relief cannot immunize plaintiffs from the risk of future suits, nor foreclose the possibility that defendants will re-commence the offending conduct and invite a second action. Yet, plaintiffs are not required to obtain preclusive judgments as a condition of awarding fees Circuit courts confer prevailing party status not because plaintiffs obtain a preclusive final judgment on the merits, but, rather, because they obtain a judicially sanctioned change in the parties' legal relationship for the *pertinent time period during the pending action.*

In categorically requiring defendants to obtain immunity from future suit by securing preclusive final judgments, while plaintiffs prevail by obtaining non-preclusive temporary relief, the Ninth Circuit has created a profound and irreconcilable doctrinal conflict among the circuits, and a disparate double standard for

defendants, which cannot be justified by *Buckhannon*. Where, as here, a defendant who obtains successive judicial dismissals, an irrevocable and unequivocal express abandonment of federal claims and accession to imminent dismissal with prejudice through voluntary termination of the action has undoubtedly secured a judicially sanctioned change in the parties' legal relationship. Whether or not the failure to replead federal claims "carries over" to a second action, it is beyond dispute that intentionally abandoned claims cannot be resurrected in the pending action. *See e.g.*, *Marx v. Loral Corp.*, 87 F.3d 1049, 1055-1056 (9th Cir. 1996) ("'Ninth Circuit authority clearly states that all causes of action . . . not alleged in an amended complaint are waived.'"). This Court has never held that plaintiffs can unilaterally nullify the effect of an intentional abandonment of claims in a pending action through voluntary dismissal (and resurrection in a second action) for the express purpose defeating prevailing party status. Yet, this is precisely the rule the Ninth Circuit has embraced. The Ninth Circuit's rule thus turns *Buckhannon* on its head, as it empowers plaintiffs to unilaterally determine by mooting their own actions whether interim orders will be given preclusive effect and prevailing party status conferred.

In fashioning its *per se* rule, the Ninth Circuit relied on circuit decisions that have characterized dismissals without prejudice as non-final, and have refused to confer prevailing party status as a result. However, none of the cited cases stands for the proposition that plaintiff's subsequent voluntary dismissal can be used as a device to nullify prior

judicial orders, resurrect abandoned claims or supersede binding merits-based findings or admissions. None of the cases involved successive orders of judicial dismissal *prior* to voluntary dismissal over the course of protracted litigation, interim assessments of the merits, binding judicial admissions, or pre-dismissal abandonment of federal claims.[7] *See, e.g., Oscar v. Alaska Dep't of Ed. & Early Devel.*, 541 F.3d 978, 981-982 (9th Cir. 2008) (motion to dismiss granted without prejudice for failure to sign complaint; no voluntary dismissal entered); *Torres-Negron v. J & N. Records, LLC*, 504 F.3d 151, 164-165 (1st Cir. 2007) (dismissal for lack of subject matter jurisdiction not decision on merits absent ruling on copyright infringement claims); *RFR Indus., Inc. v. Century Steps, Inc.*, 477 F.3d 1348, 1353 (Fed. Cir. 2007) (voluntary dismissal deemed entered before ruling for defendant); *Szabo Food Serv., Inc. v. Canteen Corp.*, 823 F.2d 1073, 1075-1077 (7th Cir. 1987) (voluntary dismissal filed before court ruled).

Extending these decisions to create a *per se* rule effectuates a substantial expansion of existing circuit law and places civil defendants at a profound disadvantage. Review is warranted to clarify whether

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[7] Decisions finding dismissal with prejudice sufficient to award fees are inapposite *See, e g , Riviera Distrib., Inc v Jones*, 517 F 3d 926 (7th Cir 2008) (dismissal with prejudice satisfies *Buckhannon*, even absent adjudication of merits), *cf Miles v. California*, 329 F 3d 986, 989 (9th Cir 2003) (dismissal without prejudice sufficient where federal claim foreclosed). That preclusive final judgment is sufficient to confer prevailing party status does not make it necessary

Buckhannon requires preclusive judgments and immunity from suit, reconcile the disparate standards for plaintiffs and defendants the Ninth Circuit created, and ensure uniformity among the lower federal courts.

III. THIS CASE RAISES A QUESTION OF EXCEPTIONAL IMPORTANCE ON AN ISSUE OF FEDERAL LAW THAT WARRANTS REVIEW

This Court has never held that a prevailing litigant must achieve immunity from future suit in order to qualify for prevailing party status. A *per se* rule requiring that defendants obtain immunity from future suit, notwithstanding a material alteration of the parties' legal relationship in the pending action, is tantamount to requiring defendants to obtain an enforceable judgment on the merits. Such a categorical rule, however, has been expressly and repeatedly rejected by several circuit courts, and by this Court. Indeed, a rule that allows plaintiffs to deprive defendants of prevailing party status by voluntarily dismissing their actions after defendants have obtained significant judicial relief fundamentally undermines *Buckhannon*, which rejected the idea that parties through their own actions could confer prevailing party status. In essence, this rule permits plaintiffs to unilaterally nullify a prior material alteration of the parties' legal relationship by withdrawing their claims in the face of imminent judicial action, and to annul the impact of interim judicial orders by dismissing at the eleventh hour.

This new rule, that "a defendant is a prevailing party following dismissal of a claim if the plaintiff is judicially precluded from relitigating the claim against the defendant in federal court," applies with equal force not only to Copyright Act actions, but to all fee awards governed by *Buckhannon* and, thus, affects the construction of numerous federal statutes and litigants throughout the federal courts. *See, e.g.*, *Ma v. Chertoff*, 547 F.3d 342, 344 (2d Cir. 2008).

The Ninth Circuit's rule creates disparate standards for determining prevailing party status for plaintiffs and defendants. In the Ninth Circuit, prevailing defendants are required to establish immunity from future lawsuits by obtaining relief with preclusive effect. In contrast, prevailing plaintiffs are not required to obtain preclusive relief or foreclose the risk of future litigation. Rather, plaintiffs are entitled to prevailing party status upon obtaining interim relief (which, by definition, has no preclusive effect), whether or not they ultimately prevail on the merits of the underlying claims and whether or not defendant's conduct renders the action moot. Such disparate treatment cannot be justified by *Buckhannon* and contravenes the unique nature of the Copyright Act's symmetrical fee-shifting provision. This Court has directed that parties in a copyright action must be treated symmetrically; thus, unlike other fee-shifting statutes that favor plaintiffs, "prevailing plaintiffs and prevailing defendants are to be treated alike" under the Copyright Act. *Fogerty v. Fantasy*, 510 U.S. 517, 534 (1994); *see also Eagle Serv. Corp. v. H20 Indus. Serv., Inc.*, 532 F.3d 620, 624 (7th Cir. 2008) (because

prevailing defendants receive a small award or no award, the presumption in favor of awarding fees under *Fogerty* is "very strong").

Even assuming immunity from suit is required by *Buckhannon* and permitted by *Fogerty*, it is simply not true that an abandonment of claims and dismissal without prejudice leave the situation "'as if the action never had been filed.'" Pet. App. 16a (citing *City of S. Pasadena v. Mineta*, 284 F.3d 1154 (9th Cir. 2002)). The filing of a case that is subsequently dismissed does have lasting effects. While cases voluntarily dismissed without prejudice normally do not have collateral estoppel or preclusive effect, they indisputably do affect the relationship of the parties. For example, party allegations constitute judicial admissions, even in a subsequent action. *See, e.g., American Title Ins. Co. v. Lacelaw Corp.*, 861 F.2d 224, 226 (9th Cir. 1988) ("Under federal law, stipulations and admissions in the pleadings are generally binding on the parties and the Court."); *Ins. Co. of N. Am. v. Thompson*, 318 F.2d 677, 682 (9th Cir. 1967); *Adams v. Teck Cominco Alaska, Inc.*, 414 F. Supp. 2d 925 (D. Alaska 2006). Voluntarily dismissed claims can result in an award of sanctions, including costs or even fees. *See Cooter & Gell v. Hartmax Corp.*, 496 U.S. 382, 395-96 (1990) (recognizing power to impose Rule 11 sanctions after action is no longer pending, even after voluntary dismissal).

Dismissals without prejudice can be "final" where the court conclusively disposed of the claims and determined that the complaint could not be saved by amendment, or where the statute of limitations bars

future suit. *See, e.g., Doctor's Assocs. v. Duree*, 375 F.3d 618, 622 (7th Cir. 2004). Previously abandoned claims can be barred by judicial estoppel or the law of the case doctrine. *See, e.g., Sechrest v. Ignacio*, 549 F.3d 789, 805 (9th Cir. 2008); *Thomas v. Bible*, 983 F 2d 152, 154 (9th Cir. 1993). Under California law, a voluntary dismissal, *even one without prejudice*, is presumed to be a favorable termination on the merits for purposes of establishing malicious prosecution. *See MacDonald v. Joslyn*, 275 Cal. App. 2d 282, 289 (1969); *Sycamore Ridge Apartments LLC v. Naumann*, 157 Cal. App. 4th 1385, 1400 (2007).

In these respects, the parties are not left as though the case had never been filed. The Ninth Circuit stretched *City of South Pasadena* too far when it took that case as authority for the proposition that abandoned claims can be resurrected in subsequent suits by filing a voluntary dismissal in the first action.[8] Even where a second action is not barred by *res judicata*, plaintiff's express abandonment of a claim, which is obtained as a direct result of the district court's orders of dismissal, and which occurs prior to

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[8] *City of South Pasadena* did not involve or address whether a voluntarily abandoned claim can be resurrected in a subsequent lawsuit and did not disapprove or criticize the strong, express line of cases establishing abandonment by failure to replead. The court there concluded that a waiver of sovereign immunity in an action that was voluntarily dismissed does not constitute consent to be sued in a new action on a new claim 25 years later - it did not purport to create a *per se* rule permitting plaintiffs to resurrect claims they intentionally abandoned

the dismissal of the federal action, materially alters the parties' legal relationship during the pending action.

The Ninth Circuit's departure from existing precedent to create a *per se* rule fundamentally undermines the purpose of Section 505 and effectively precludes defendants from establishing prevailing party status in cases where plaintiffs unilaterally moot final judgment. Such a blanket rule – which applies to all voluntary dismissals without regard to the stage of litigation, intentional waivers or interim judicial orders – creates a disparate standard for civil defendants, fundamentally undercuts *Buckhannon*, encourages abusive tactics and effectively requires prevailing defendants to disprove plaintiffs' claims.

CONCLUSION

For the reasons above, the petition should be granted.

Dated: January 18, 2010

Respectfully submitted,

Sandra J Levin
COLANTUONO & LEVIN
300 South Grand Avenue
Suite 2700
Los Angeles, CA 90071
Telephone: (213) 542-5700

Peter R. Afrasiabi
Counsel of Record
ONE LLP
535 Anton Boulevard
Suite 850
Costa Mesa, CA 92626
Telephone: (714) 434-8750

FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

EMIL CADKIN, an individual;
LILA CADKIN, as trustee of
the CADKIN TRUST,
Plaintiffs-Appellants,

v.

IRMA LOOSE, an individual;
MAY-LOO MUSIC INC., a
California Corporation;
TERENCE LOOSE, as trustee
of the William Loose Family
Trust,
Defendants-Appellees.

No. 08-55311
D.C. No.
CV-03-01591-JVS
OPINION

Appeal from the United States District Court
for the Central District of California
James V. Selna, District Judge, Presiding

Argued and Submitted
May 8, 2009 – Pasadena, California

Filed June 26, 2009

Before: Betty Binns Fletcher, Raymond C.
Fletcher and
Ronald M. Gould, Circuit Judges.

Opinion by Judge Fisher

COUNSEL

Marty O'Toole, Law Offices of Marty O'Toole, Los Angeles, California, for the plaintiffs-appellants.

Sandra Levin (argued), Michael A. Morguess, Colantuono & Levin, P.C., Los Angeles, California, for defendant-appellee.

Terence Loose, as Trustee of the William Loose Family Trust.

George M. Belfield, Greenberg Traurig, LLP, Santa Monica, California, for defendants-appellees Irma Loose and May-Loo Music, Inc.

OPINION

FISHER, Circuit Judge:

This appeal concerns whether a defendant is entitled to attorney's fees as a prevailing party under § 505 of the Copyright Act, 17 U.S.C. § 505, when a plaintiff voluntarily dismisses without prejudice a lawsuit containing copyright claims. In *Corcoran v. Columbia Broadcasting System, Inc.*, 121 F.2d 575, 576 (9th Cir. 1941), we held a defendant in a copyright suit was a prevailing party and was entitled to attorney's fees when the plaintiff voluntarily dismissed the complaint without prejudice after the district court granted defendant's motion for more definite statement. The Supreme Court, in the context of the Fair Housing Amendments Act (FHAA), has since held prevailing party status turns on whether there has been a "material alteration of the legal relationship of the parties," *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598, 604 (2001) (internal quotation marks omitted), and we have held dismissal without prejudice does not alter the legal relationship of parties for the purposes of entitlement to attorney's fees under a comparable fee

shifting statute, *see Oscar v. Alaska Dep't of Educ. & Early Dev.*, 541 F.3d 978, 981 (9th Cir. 2008).

We conclude *Corcoran* is clearly irreconcilable with *Buckhannon* and no longer good law. We therefore overrule *Corcoran* and hold Buckhannon's material alteration test applies to § 505 of the Copyright Act. *See Miller v. Gammie*, 335 F.3d 889, 893 (9th Cir. 2003) (en banc) (holding three-judge panel can reject prior panel opinion that is "clearly irreconcilable" with intervening Supreme Court authority). Because the plaintiffs in this lawsuit remained free to refile their copyright claims against the defendants in federal court following their voluntary dismissal of the complaint, we hold the defendants are not prevailing parties and thus not entitled to the attorney's fees the district court awarded them.[1]

I. BACKGROUND

From about 1959 until the 1970s, Emil Cadkin, sometimes solely and sometimes with William Loose, created and recorded thousands of music cues, which

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1 Federal Rule of Civil Procedure 41(a)(1)(B) explains the effect of a plaintiff's voluntary dismissal of an action: "Unless the notice or stipulation states otherwise, the dismissal is without prejudice. But if the plaintiff previously dismissed any federal- or state-court action based on or including the same claim, a notice of dismissal operates as an adjudication on the merits." Here, plaintiffs voluntarily dismissed their lawsuit against defendants and had not done so before. Thus, the dismissal was without prejudice.

are short musical works used in television and movies. These cues were administered by GRH Music ("GRH"), a partnership owned by Emil Cadkin and William Loose. In the 1960s, Emil Cadkin authorized William Loose to license the music cues to third parties. At some point, Emil Cadkin formed the Cadkin Trust as owner of all his copyright interests, appointing Lila Cadkin as trustee.

William Loose incorporated May-Loo Music, Inc. to license music he controlled. The proceeds of May-Loo Music, Inc. are split between Irma Loose, William Loose's spouse, and the William Loose Family Trust, which William Loose formed to benefit his children. Terrence Loose is the trustee of the William Loose Family Trust.

In October 2003, Emil Cadkin and Lila Cadkin (as trustee of the Cadkin Trust) (collectively "the Cadkins") filed a complaint in federal district court against Terrence Loose (as trustee of the William Loose Family Trust) ("the Trust") and Irma Loose and May-Loo Music, Inc. (collectively "May-Loo"). The complaint alleged William Loose had removed Emil Cadkin's name as author and GRH's name as publisher from cues Emil Cadkin had composed (on his own or jointly with William Loose), incorporated those cues into the May-Loo music library with William Loose credited as the sole author and then registered those cues with the U.S. Copyright Office, thereby allowing William Loose to obtain the full royalty from the cues' use. The allegations implicated over 5000 cues. The

complaint contained numerous claims for relief, including copyright infringement, false designation of origin (trademark) and various California state law claims.

After extended settlement discussions proved fruitless, the Trust and May-Loo in February 2007 filed motions to dismiss, which the district court granted in part. The district court found the state law claims were preempted by the Copyright Act, dismissing them without prejudice; found the fraud claims were not alleged with sufficient particularity, dismissing them without prejudice; and directed the Cadkins to join certain necessary parties.

The Cadkins thereafter filed a first amended complaint, which contained three claims for relief: (1) copyright infringement, (2) false designation of origin (trademark) and (3) declaratory relief. The Trust and May-Loo again moved to dismiss. The district court, relying primarily on the Cadkins' failure to cite any legal authority in their opposition and insufficient specificity in the amended complaint's factual allegations, granted the motion with leave to amend.

The Cadkins then moved to remand the case to state court, with a second amended complaint appended. The motion admitted "none of the parties herein may own the rights in any of the musical compositions at issue." The district court denied the motion to remand, explaining that remand was not possible when the case had been initiated in federal

court. Thereafter, the parties and the district court treated the second amended complaint as the operative pleading. It contained only state law claims: declaratory judgment, unjust enrichment and accounting for profits.

The Trust and May-Loo again moved to dismiss, arguing the second amended complaint should be dismissed without leave to amend because (1) all three state law claims were preempted by the Copyright Act, (2) the factual allegations lacked specificity and (3) any federal copyright or trademark claims were waived because they were not included in the amended pleading. The Cadkins opposed the motion to dismiss and lodged a notice of voluntary dismissal under Federal Rule of Civil Procedure 41(a). The district court deferred ruling on the Trust's and May-Loo's motions to dismiss until it ruled on the Cadkins' voluntary dismissal, which was eventually entered without comment on the district court docket in October 2007.

The Trust and May-Loo then sought attorney's fees and costs ($205,575 and $101,180, respectively). The Trust later sought an additional $20,000 in fees for work related to the attorney's fees motion and response. At the district court's direction, May-Loo reduced its requested fee to carve out fees attributable to work on a related lawsuit not involving the Cadkins, for a final requested amount of $63,151.20.

The district court granted both motions and entered judgment in favor of the Trust and May-Loo on December 27, 2007, awarding $225,575 to the Trust but not specifying the amount awarded to May-Loo. After denying the Cadkins' motion to reconsider, the court entered a second judgment on February 11, 2008 in favor of May-Loo, specifying an award of $63,151.20. The Cadkins timely appealed.[2]

II. STANDARD OF REVIEW

We review an award of attorney's fees under the Copyright Act for abuse of discretion. *See Traditional Cat Ass'n, Inc. v. Gilbreath,* 340 F.3d 829, 833 (9th Cir. 2003). "A district court abuses its discretion when its decision is based on an inaccurate view of the law or a clearly erroneous finding of fact." *Id.*

III. DISCUSSION

A. Jurisdiction

Initially, we address our jurisdiction to consider the Cadkins' appeal of the order awarding the Trust

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2 Although the district court docket sheet reflects a *filed* date of December 21, 2007 for the judgment awarding the Trust attorney's fees, the docket reflects an *entered* date of December 27. Because December 27 is the date judgment was entered, *see* Fed. R App P. 4(a)(1) & (7); *United States v Depew,* 210 F 3d 1061, 1065 (9th Cir. 2000), the notice of appeal was timely with respect to that judgment, *see* Fed. R App P. 4(a)(4)(A) (stating time to file notice of appeal does not run until district court resolves timely motion to reconsider)

attorney's fees. The Trust maintains we lack jurisdiction because the Cadkins' notice of appeal listed only the February 11, 2008 judgment (and did not explicitly list the December 27, 2007 judgment) on the line specifying the order being appealed. We reject this argument.

[1] "When a party seeks to argue the merits of an order that does not appear on the face of the notice of appeal, we consider: (1) whether the intent to appeal a specific judgment can be fairly inferred and (2) whether the appellee was prejudiced by the mistake." *Le v. Astrue,* 558 F.3d 1019, 1022-23 (9th Cir. 2009) (internal quotation marks omitted). "In determining whether intent and prejudice are present, we consider first, whether the affected party had notice of the issue on appeal; and, second, whether the affected party had an opportunity to fully brief the issue." *Id.* (internal quotation marks omitted).

[2] The notice of appeal refers to "*judgments* re: costs/attorneys' fees" (emphasis added), indicating the Cadkins wished to appeal both the February 11 judgment in favor of May-Loo and the December 27 judgment in favor of the Trust. Moreover, the notice of appeal notification form filed concurrently with the notice of appeal identifies two "12 27 07" items on the line specifying the orders or judgments being appealed, and the Trust had the opportunity to fully brief the propriety of the attorney's fees award on appeal. The Trust plainly had notice the Cadkins were appealing

the judgment in the Trust's favor and had ample opportunity to address the merits of that issue.

B. Attorney's Fees under the Copyright Act

[3] Section 505 of the Copyright Act provides:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

17 U.S.C. § 505. District courts have two tasks in applying § 505: first, deciding whether an award of attorney's fees is appropriate and, second, calculating the amount of the award. *See Gilbreath,* 340 F.3d at 832-33. District courts have discretion to award attorney's fees to prevailing parties under the Copyright Act, but that discretion is triggered only if the party in fact prevailed on the copyright claim. *See* 17 U.S.C. § 505; *Fantasy, Inc. v. Fogerty,* 94 F.3d 553, 555 (9th Cir. 1996) (holding "an award of attorney's fees to a *prevailing* defendant that furthers the underlying purposes of the Copyright Act is reposed in the sound discretion of the district courts" (emphasis added)).

1. *Prevailing party status under the Copyright Act*

The district court found the Trust and May-Loo were prevailing parties, relying on our 1941 decision in *Corcoran,* 121 F.2d 575. The district court was correct to follow controlling circuit precedent, but we now overrule *Corcoran* because it is "clearly irreconcilable" with the Supreme Court's subsequent decision in *Buckhannon. Miller,* 335 F.3d at 893.

[4] In *Corcoran,* the district court denied defendants' motion to dismiss but granted their motion for a more definite statement on a copyright claim. Rather than amending the complaint, plaintiff voluntarily dismissed without prejudice, and the district court ultimately awarded defendants attorney's fees. We rejected plaintiff's contention that dismissal without prejudice does not confer prevailing party status under the Copyright Act.

> The authority given is not in terms limited to the allowance of fees to a party who prevails only after a trial on the merits. Where, as here, a defendant has been put to the expense of making an appearance and of obtaining an order for the clarification of the complaint, and the plaintiff then voluntarily dismisses without amending his pleading, the party sued is the prevailing party within the spirit and intent of the statute even though he may, at the whim of the plaintiff, again be sued on the same cause of action.

Corcoran, 121 F.2d at 576. Although we have not cited *Corcoran* in subsequent decisions applying the Copyright Act's attorney's fees provision, neither have we overruled or questioned its continuing viability.

[5] In *Buckhannon,* however, the Supreme Court held a plaintiff was not a prevailing party under the FHAA when the "lawsuit brought about a voluntary change in the defendant s conduct" without a "judgment on the merits or a court-ordered consent decree." 532 U.S. at 600. Relying on the definition of prevailing party in Black's Law Dictionary, the Court concluded "a 'prevailing party' is one who has been awarded some relief by the court." *Id.* at 603. The key inquiry is whether some court action has created a "material alteration of the legal relationship of the parties." *Id.* at 604 (internal quotation marks omitted).

[6] In *Oscar,* 541 F.3d at 981, we followed *Buckhannon* in deciding whether an involuntary dismissal without prejudice conferred prevailing party status on the defendant in a lawsuit under the Individuals with Disabilities Education Act. Because "a dismissal without prejudice is not a decision on the merits" and plaintiff was free to re-file his complaint in federal court, "dismissal without prejudice does not alter the legal relationship of the parties because the defendant remains subject to the risk of re-filing." *Id. Oscar* distinguished *Miles v. California,* 320 F.3d 986 (9th Cir. 2003), in which we applied *Buckhannon* and concluded a dismissal of a claim under the Americans with Disabilities Act (ADA) without prejudice to

plaintiff's right to seek relief in state court did confer prevailing party status on the defendant. This was so because "[t]he dismissal eliminates the federal ADA claim from further proceedings in federal court and thus has changed the legal relationship of Miles with respect to the State." *Id.* at 989; *see Oscar,* 541 F.3d at 982.

[7] We conclude *Corcoran* cannot be reconciled with *Buckhannon*'s material alteration test. First, *Corcoran* focused on the expense the defendants incurred and expressly disregarded that the parties' legal relationship had not changed as a result of the voluntary dismissal. *See Corcoran,* 121 F.2d at 576 (holding defendant to be prevailing party "even though he may, at the whim of the plaintiff, again be sued on the same cause of action"). Second, we construed "prevailing party" in light of the policies underlying the Copyright Act, rather than relying on the plain meaning of the phrase as the Supreme Court did in *Buckhannon. See Buckhannon,* 532 U.S. at 607, 121 S.Ct. 1835 (suggesting legislative history would not overcome plain meaning of "prevailing party"). Although the Trust and May-Loo are correct that *Buckhannon* was not a copyright case, the distinction is immaterial. As discussed, we have understood the Court's construction of "prevailing party" applies to federal fee shifting statutes other than the FHAA that contain that phrase, which is appropriate given the Court's reliance on a dictionary definition for its holding. *See Buckhannon,* 532 U.S. at 603.

[8] Accordingly, we hold the material alteration test the Supreme Court articulated in *Buckhannon* governs the prevailing party inquiry under § 505 of the Copyright Act and overrule *Corcoran* to the extent it is inconsistent with *Buckhannon*. *See Miller*, 335 F.3d at 893. Our holding is consistent with every circuit court that has considered whether *Buckhannon* governs prevailing party status under the Copyright Act. *See, e.g., Riviera Distribs., Inc. v. Jones*, 517 F.3d 926, 928 (7th Cir. 2008) (holding voluntary dismissal with prejudice of copyright claims confers prevailing party status on defendants under *Buckhannon*); *Torres-Negron v. J & N Records, LLC*, 504 F.3d 151, 164 & n. 9 (1st Cir. 2007) (holding *Buckhannon* material alteration test applies to copyright claims and concluding dismissal for lack of subject matter jurisdiction does not confer prevailing party status); *see also Bridgeport Music, Inc. v. London Music, U.K., 226 F. App'x 491, 493-94 (6th Cir. 2007)* (unpublished) (applying *Buckhannon* to copyright claims).

2. *Material alteration in legal relationship*

[9] This was the Cadkins' first voluntary dismissal of copyright claims against the Trust and May-Loo. Although the notice of dismissal did not state whether the voluntary dismissal was with or without prejudice, "[u]nless the notice or stipulation states otherwise, [a first voluntary] dismissal is without prejudice." Fed.R.Civ.P. 41(a)(1)(B); *see also City of S. Pasadena v. Mineta*, 284 F.3d 1154, 1157 & n.2 (9th Cir. 2002) (noting first voluntary dismissal is without prejudice

unless otherwise specified). The Cadkins' voluntary dismissal "does not alter the legal relationship of the parties because [the Trust and May-Loo] remain[] subject to the risk of refiling" following a dismissal without prejudice. *Oscar*, 541 F.3d at 981. We therefore hold the Trust and May-Loo are not prevailing parties and are not entitled to attorney's fees. *See id.* at 982.

We are not persuaded by either of the Trust's and May-Loo's arguments why *Oscar* does not control here. First, the Trust and May-Loo maintain the legal relationship between the parties changed because the Cadkins waived the copyright claim by omitting it from the second amended complaint, making the voluntary dismissal equivalent to a dismissal with prejudice as to that claim. Although we have consistently held "all causes of action alleged in an original complaint which are not alleged in an amended complaint are waived," *Marx v. Loral Corp.*, 87 F.3d 1049, 1055 (9th Cir. 1996) (internal quotation marks and alteration omitted), we have never applied this waiver rule to a new lawsuit filed after a voluntary dismissal without prejudice. In fact, we have squarely held waiver in one lawsuit does not carry over to a subsequent lawsuit following a voluntary dismissal without prejudice under Rule 41(a). In *City of South Pasadena*, 284 F.3d at 1156, the city filed a lawsuit against the state of California, which failed to invoke sovereign immunity, but the city then voluntarily dismissed the lawsuit without prejudice and filed a new cause of action containing many of the same claims. When the state invoked sovereign immunity in the second lawsuit, the district court found

the state had waived that defense by failing to assert it in the original lawsuit. *See id.* On appeal, we held the state had waived immunity in the prior lawsuit, but that waiver had no effect on the new lawsuit following the voluntary dismissal: "The city . . . voluntarily dismissed [the first] action pursuant to [Rule] 41(a)(1)(ii). This was the city's first voluntary dismissal, and it was therefore without prejudice. Such a dismissal leaves the situation as if the action never had been. . . . We have adhered slavishly to this interpretation of Rule 41(a)." *Id.* at 1157 (internal quotation marks and footnote omitted). Rejecting the city's argument that there is no categorical rule that waiver of sovereign immunity cannot carry over to a subsequent action, we held "[Rule] 41(a)(1) provides a categorical rule that is much broader-one that disallows the 'carry-over' of *any* waivers from a voluntarily dismissed action to its reincarnation." *Id.* at 1158. The Trust's and May-Loo's attempt to differentiate between waiver of affirmative defenses and waiver of claims is a distinction without significance in light of our characterization of Rule 41(a) as a *categorical* rule.

The Trust and May-Loo also argue the district court's two prior dismissals of the copyright claims are sufficient to confer prevailing party status on them, relying on *Watson v. County of Riverside,* 300 F.3d 1092, 1093 (9th Cir. 2002) (upholding attorney's fees award to plaintiff who had obtained preliminary injunction, but no other relief). Their reliance on *Watson* is misplaced. There, plaintiff obtained a preliminary injunction to prevent his government

employer from presenting certain information at an administrative termination hearing, but his claim for permanent injunctive relief became moot when the administrative hearing was completed. *See id.* at 1094. "Having succeeded in winning a preliminary injunction that prevented the use of his report at the administrative hearing, [plaintiff] obtained significant, court-ordered relief that accomplished one of the main purposes of his lawsuit." *Id.* at 1096. The change in the employer's behavior "carrie[d] all the 'judicial imprimatur' necessary to satisfy *Buckhannon*." *Id.*; *see also Buckhannon,* 532 U.S. at 603, 121 S.Ct. 1835 (holding " 'a prevailing party' is one who has been awarded some relief by the court"). In contrast, the Trust and May-Loo remain subject to the risk that the Cadkins will refile their copyright claims, despite the district court's orders dismissing without prejudice the original complaint and first amended complaint and the voluntary dismissal without prejudice of the second amended complaint. The Cadkins have not been deprived of the ability to seek relief in federal court against the Trust and May-Loo under the Copyright Act.

IV. CONCLUSION

Miles and *Oscar,* taken together, compel the conclusion that a defendant is a prevailing party following dismissal of a claim if the plaintiff is judicially precluded from refiling the claim against the defendant in federal court. That is not the circumstance here, so the Trust and May-Loo are not prevailing parties and

the district court erred in awarding them attorney's fees.

REVERSED.

NOT FOR PUBLICATION
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

EMIL CADKIN, an individual, LILACADKIN, as Trustees of the CADKIN TRUST,

Plaintiffs - Appellants

v.

IRMA LOOSE, an individual; MAY-LOO MUSIC INC., a California corporation; TERENCE LOOSE, as trustee of the William Loose Family Trust,

Defendants – Appellees.

No. 08-55311

D.C. No. CV-03-01591-JVS

Central District of California, Los Angeles

ORDER

Before: B. FLETCHER, FISHER and GOULD, Circuit Judges.

The panel judges voted to deny Appellee's petition for rehearing en banc. Judges Fisher and Gould voted to deny the suggestion for rehearing en banc, and Judge Fletcher recommended denying the suggestion for rehearing en banc.

The full court has been advised of the

suggestion for rehearing en banc and no judge has requested a vote on whether to rehear the matter en banc Fed. R. App. P. 35.

Appellee's petition for rehearing and suggestion for rehearing en banc, filed August 11, 2009, is DENIED.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
CIVIL MINUTES – GENERAL

Case No. SACV 03-1591-JVS (SHx) Date February 1, 2008

Title: Emil Cadkin v. Irma Loose, et al.

Present: The Honorable James V. Selna

Karla J. Tunis	Not Present
Deputy Clerk	Court Reporter
Attorneys Present for Plaintiffs:	Attorneys Present for Defendants:
Not Present	Not Present

Proceedings: (In Chambers) Order Denying Reconsideration of Award of Fees

Plaintiffs Emil Cadkin, an individual, and Emil and Lila Cadkin as trustees of the Cadkin trust (collectively "Cadkin") move this Court to reconsider its Order, dated December 21, 2007, awarding attorneys fees and costs to defendant Terence Loose, as trustee of the William Loose Family Trust, ("Loose") and Defendants Irma Loose and May-Loo Music, Inc. (collectively "May-Loo"), pursuant to Local Rule 7-18 and Federal Rules of Civil Procedure 59(e) and 60(b). Loose and May-Loo oppose the motion.

I. Legal Standard

Pursuant to Rule 60(b), the Court may relieve a party from a final judgment, order, or proceeding for the following reasons:

> (1) mistake, inadvertence, surprise, or excusable neglect;
>
> (2) newly discovered evidence that, with reasonable diligence could not have been discovered in time to move for a new trial under Rule 59(b);
>
> (3) fraud . . ., misrepresentation, or misconduct by an opposing party;
>
> (4) the judgment is void;
>
> (5) the judgment has been satisfied, released, or discharged; it is based on an earlier judgment that has been reversed or vacated; or applying it prospectively is no longer equitable; or
>
> (6) any other reason that justifies relief.

Fed. R. Civ. P. 60(b).

Local Rule 7-18 directs that a motion for reconsideration may only be made on grounds of

> (a) a material difference in fact or law from that presented to the Court before such decision that in the exercise of reasonable diligence could not have been known to the

> party moving for reconsideration at the time of such decision, or (b) the emergence of new material facts or a change of law occurring after the time of such decision, or (c) a manifest showing of a failure to consider material facts presented to the Court before such decision.

L.R. 7-18. "No motion for reconsideration shall in any manner repeat any oral or written argument made in support of or in opposition to the original motion." Id.

Absent "highly unusual circumstances," reconsideration is proper only if the Court "(1) is presented with newly discovered evidence, (2) committed clear error or the initial decision was manifestly unjust, or (3) if there is an intervening change in controlling law." School Dist. No. 1J, Multnomah County, Or. v. ACandS. Inc., 5 F.3d 1255, 1263 (9th Cir. 1993). A motion for reconsideration cannot be based on evidence that could reasonably have been presented prior to the Court's ruling. Hopkins v. Andaya, 958 F.2d 991, 887 n.5 (9th Cir. 1992).

II. Discussion

On December 21, 2007, this Court ordered Cadkin to pay Loose's and May-Loo's costs and attorneys' fees in the amounts of $225,575 and $63,151.20, respectively, pursuant to the Copyright

Act. (Order, Docket No. 112, p. 6; 15 U.S.C. § 505.) The award was based on a finding that Cadkin's allegations were objectively unreasonable and frivolous and that an award of fees would deter Cadkin from bringing similarly unreasonable and frivolous claims in the future. (Id. pp. 2-3.)

Cadkin brings this motion for reconsideration based primarily on his contention that the Court erred in failing to consider "facts and allegations" that Cadkin composed the musical pieces at issue. (Opening Br. p. 4-6.) In support of this contention, Cadkin submits various documents that purportedly indicate Cadkin as a composer of various musical pieces. (Id. Ex. B.)

Cadkin misunderstands this Court's Order. Whether or not Cadkin composed any of the pieces at issue, he admitted on the record "that he does not own copyrights to any of the musical pieces at issue." (Order, p. 3, citing Motion to Remand, p. 2, Docket No. 72.) The Court stated that "[g]iven that Cadkin has provided no evidence that he was the copyright owner for any of the musical works at issue and now as much as admits that he is not the owner, the Court finds that the claims pled were frivolous." (Id.) Cadkin is only entitled to recover under the Copyright Act if he owns copyrights to the works at issue. He has presented no new facts or evidence that he owns the relevant copyrights. There is no reason, therefore, to reconsider the Order, which was based on Cadkin's admission that

he is not and was never entitled to recovery based on his allegations.

Moreover, to the extent that the documents submitted with Cadkin's brief can be considered evidence in support of his contention that his claims are not unreasonable or frivolous, Cadkin provides no justification for his delay in presenting them to the Court. Therefore, the Court finds that the new evidence, to the extent there is any, could have been presented to the Court before the prior Order and therefore is not a proper basis for a motion to reconsider. Hopkins, 958 F.2d at 887 n.5.

Furthermore, the Court rejects Cadkin's assertion that his claims are not objectively unreasonable and frivolous because he is able to assert them in state court. (Opening Br. p. 8.) Whether or not this is accurate,[3] it is irrelevant since the Court awarded Loose and May-Loo attorneys' fees and costs incurred in connection with Cadkin's protracted federal court action, based on a federal copyright claim that he has admitted had no factual or legal basis.

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3 The question of whether the claims in Cadkin's state court complaint are preempted by federal copyright law is not properly before the Court, and so the Court declines to address it.

III. Conclusion

The Court finds that Cadkin has not presented any newly discovered evidence, that the Court did not commit clear error, and that its prior Order was not manifestly unjust, and therefore, accordingly denies Cadkin's motion for reconsideration.

The Court finds oral argument would not be helpful on this matter, and therefore removes the February 4, 2008 hearing from its calendar. Fed. R. Civ. P. 78; L-R 7-15.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
CIVIL MINUTES - GENERAL

Case No.	SACV 003-01591-JVS (SHx)	Date	December 18, 2007

Title: Emil Cadkin, et al. v. Irma Loose, et al.

Present: The Honorable James V. Selna

Karla J. Tunis	Not Present
Deputy Clerk	Court Reporter
Attorneys Present for Plaintiffs:	Attorneys Present for Defendants:
Not Present	Not Present

Proceedings: (In Chambers) Order Granting Defendant Irma Loose and MayLoo Music Inc.'s Motion for Attorneys' Fees and Costs (Fld 10-18-07) Order Granting Defendant Terence Loose as Trustee of the William Loose Family Trust's Motion for Attorneys' Feels and Costs (Fld 10-18-07) Order Denying Defendants' Joint Motion for Sanctions against Martin O'Toole personally (Fld 10-18-07)

Defendant Terence Loose, as trustee of the William Loose Family Trust, ("Loose") and Defendants

Irma Loose and May-Loo Music, Inc. (collectively "May-Loo") each apply to this Court for fees and costs pursuant to 17 U.S.C. § 505, in the amounts of $225,575 and $63,101.20, respectively, to be paid by Plaintiffs Emil Cadkin, an individual, and Emil and Lila Cadkin as trustees of the Cadkin trust (collectively "Cadkin"). Loose also moves for sanctions in the amount of $43,031.34 against Cadkin's attorney, Martin O'Toole, personally pursuant to 28 U.S.C. § 1927, and May-Loo joins that motion, requesting $20,195.98 in sanctions. Cadkin opposes the requests for fees and sanctions.

I. Legal Standard

The Copyright Act of 1976 provides that:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

17 U.S.C.S. § 505.

II. Discussion

a. Prevailing Party

The same standards apply irrespective of whether the prevailing party is a plaintiff or defendant. Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 (1994). Where the "defendant has been put to the expense of making an appearance and of obtaining on order for the clarification of the complaint, and the plaintiff then voluntarily dismisses without amending his pleading, the party sued is the prevailing party within the spirit and intent of the statute." Corcoran v. Columbia Broadcasting System, Inc., 121 F.2d 575, 576 (9th Cir. 1941).

In this case, Cadkin voluntarily dismissed the case pursuant to Federal Rule of Civil Procedure 41(a) on October 4, 2007, after Loose and May-Loo had filed and served a motion to dismiss Cadkin's Second Amended Complaint.[4] (Docket No. 91.) The parties appeared in Court for an oral hearing on that motion to dismiss on September 17, 2007. In light of Cadkin's voluntary dismissal, the Court ultimately found the motion to dismiss moot.

Therefore, the Court finds that Loose and May-Loo are prevailing parties for the purposes of 17 U.S.C. § 505.

b. Fogerty Factors

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4 The court notes that this was the fifth motion to dismiss filed by Loose and May-Loo in this action. (Paspalis Decl ¶ 20).

A court may look to various factors in exercising its discretion to award fees, including the objective unreasonableness of the claims, frivolousness, motivation, and the need in particular circumstances to advance considerations of compensation and deterrence. Fogerty, 510 U.S. at 534 n.19 (1994) (citing Lieb v. Topstone Industries. Inc., 788 F.2d 151, 156 (3rd Cir. 1986)).

Allegations that are not supported by fact or law are objectively unreasonable. Batjac Productions. Inc. v. Goodtimes Home Video Corp., 44 U.S.P.Q.2d 1788, 1790 (C.D. Cal. 1997). Cadkin has admitted to this Court that he does not own copyrights to any of the musical pieces at issue. (Motion to Remand, p. 2, Docket No. 72.) The claims stated in Cadkin's various complaints turned on Cadkin's allegation that he composed various musical pieces. (Opening Br. p. 14.) These allegations have never been substantiated by any evidence. (Id.) Indeed, this Court found that the contention the Cadkin composed the pieces was objectively unreasonable when it awarded fees to Jack Cookerly, the defendant in a parallel suit, in 2003. (Castleman. et al. v. Loose, SACV 03-460 JVS (SHx), Order Granting Defendant Jack Cookerly's Motion for Attorney's Fees and Costs, July 23, 2003, Docket No. 69.) Accordingly, the Court finds that Cadkin's claims were objectively unreasonable and that there is a basis for an award of fees under § 505.

The other Fogerty factors are not required in order to justify a fee award, but weigh in favor of such

an award. Fantasy, Inc. v. Fogerty, 94 F.3d 553 at 558 (9th Cir. 1996) (construing Fogerty v. Fantasy. Inc., 510 U.S. 517 (1994)). Given that Cadkin has provided no evidence that he was the copyright owner for any of the musical works at issue and now as much as admits that he is not the owner, the Court finds that the claims pled were frivolous. Moreover, the Court finds that an award of fees in this case would serve the purpose of deterring Cadkin from bringing similarly unreasonable and frivolous claims in the future. See, Maliack Prods. v. Palisades Entertainment, 36 U.S.P.Q.2D 1281 (D. Cal. 1995).

Therefore, the Court finds that an award of fees and costs is justified under § 505 in this case.

c. Reasonable Fees

To determine reasonable attorneys' fees under section 505, courts must first calculate the lodestar amount. See Fogerty v. Fantasy, 510 U.S. 517, 534 (1994) (citing Hensley v. Eckerhart, 461 U.S. 424, 433-37 (1983)). The lodestar is the number of hours reasonably expended on the litigation multiplied by the reasonable hourly rate. McGrath v. County of Nevada, 67 F.3d 248, 252 (9th Cir. 1995). Courts may adjust the lodestar fee based on factors not subsumed within the initial calculation of the lodestar, but there is a strong presumption that the lodestar figure represents a reasonable fee. Hensley, 461 U.S. at 433-37. Courts should calculate the reasonable hourly rate "according to the prevailing market rates in the relevant

community," Blum v. Stenson, 465 U.S. 886, 895 (1984), which typically is the community "in which the district court sits." Davis v. County of Mason, 927 F.2d 1473, 1488 (9th Cir. 1991).

i. Loose

Loose's counsel submitted billing records and other documentation of fees in the amount of $184,249 and costs in the amount of $21,326 incurred by Loose during the period from November 3, 2003 to October 1, 2007. (Levin Decl. Ex. D) The amounts are based on a lodestar calculation of a total of 771.40 hours billed by five attorneys and four paralegals over the four year period. (Id.) While the fees incurred in this matter were billed to the same account as those incurred in the related Castleman matter, Loose's counsel represents that, in large part, given the common issues among the matters the fees would have been incurred even if only for this matter alone. (Id. ¶9.) Moreover, Loose's counsel has deducted amounts that are attributable only to the Castleman matter. (Id.)

Loose's counsel submitted a supplemental declaration containing an estimate of additional fees and costs in the total amount of $20,000 incurred in after October 1, 2007, in connection with this motion. (Supp. Paspalis Decl. ¶ 2.) This estimate is based on 105 hours billed by three attorneys for work in preparing the papers for this motion and appearing at the oral hearing. (Id.)

The Court finds that the number of hours billed is reasonable. The Court also finds that the rates of $175 - $225 charged by Ms. Levin and the other attorneys at Colantuono & Levin, PC are entirely reasonable given the prevailing rates for similar services in the Los Angeles area. (Id. ¶ 11.) The Court sees no basis to adjust the lodestar amount as presented by Ms. Levin or Ms. Paspalis's estimate. Finally, the Court finds that the costs incurred in the amount of $21,326.07 are reasonable. Therefore, the Court awards Loose the full amount of fees and costs sought: $225,575

ii. May-Loo

May-Loo's counsel submitted billing records documenting fees in the amount of $57,710.50 and costs in the amount of $1,720.70 incurred from January 1, 2005 through October 18, 2007, and an estimate of an additional $3,720 in fees incurred in connection with the preparation and hearing of this motion. (Supp. Belfield Decl. ¶ 2, Ex. A.) Mr. Belfield's billing records indicate fees attributable only to the Cadkin matter and exclude fees incurred in connection with the related Great matter. (Id. ¶ 4.) The amount of costs sought is one-half of the total costs incurred for the related cases. (Id.) The Court is satisfied with this calculation of the appropriate lodestar amount. Further, the Court believes, and Cadkin's counsel does not dispute, that May-Loo has established the reasonableness of counsel's rates.

The Court appreciates Cadkin's counsel's observation that there is a disparity in the fee amounts requested by May-Loo's and Loose's counsel. (Supp. O'Toole Decl. pp. 3-4.) In fact, however, it seems that the disparity in lodestar amounts actually reflects an economy of scale at work in May-Loo's and Loose's counsel's representation of the co-defendants. For example, instead of filing a separate motion for sanctions, May-Loo's counsel simply filed a joinder in Loose's motion. Accordingly, the Court is satisfied that the records submitted by each co-defendant's counsel accurately reflect the respective fees incurred.

Therefore, the Court awards May-Loo the full amount of fees and costs sought: $63,151.20.

d. Sanctions

Loose and May-Loo each seek sanctions against Cadkin's current counsel, Martin O'Toole, Esq. pursuant to 28 U.S.C. § 1927 and, in May-Loo's case, pursuant to Federal Rule of Civil Procedure 11.

First, the Court notes that while this matter has been ongoing for many years, Mr. O'Toole was only substituted as counsel on November 16, 2006. (Docket No. 39.) Thus, much of the conduct on which the Court bases its award of fees and costs, above, was not under Mr. O'Toole's control. Moreover, to the extent that May-Loo requests sanctions under Rule 11, the Court finds that they are not available because Mr. O'Toole was never provided with notice and the requisite

twenty-one day safe harbor period to cure. (Fed. R.Civ. P. 11.)

While § 1927 permits a Court to sanction attorney who "multiples the proceedings in any case unreasonably and vexatiously," "the imposition of sanctions under Section 1927 requires a finding of bad faith." 28 U.S.C. § 1927; Pacific Harbor Capital, Inc. v. Carnival Air Lines, Inc., 210 F.3d 1112, 1118 (9th Cir. 2000). The Court does not find that Martin O'Toole, Esq. personally deliberately acted in bad faith in this matter. Particularly in light of the protracted history of litigation that preceded Cadkin's retention of Mr. O'Toole as counsel, the Court finds that an award of sanctions against Mr. O'Toole personally is unwarranted.

ii. May-Loo

In sum, the Court grants Loose's application for fees and costs, and awards the full amount sought: $225,575. The Court grants May-Loo's application for fees and costs, and awards the full amount sought: $63,151.20. The Court denies Loose and May-Loo's joint motion for sanctions against Martin O'Toole personally in its entirety.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
CIVIL MINUTES - GENERAL

Case No. SACV 03-1591-JVS (SHx) Date September 17, 2007

Title: Emil Cadkin v. Irma Loose, et al.

Present: The Honorable James V. Selna

Karla J. Tunis	Jane Rule
Deputy Clerk	Court Reporter
Attorneys Present for Plaintiffs:	Attorneys Present for Defendants:
Martin O'Toole	Sandra Levin Katherine Paspalis George Belfield

Proceedings: 1.) Defendant Terence Loose, etc.'s Motion to Dismiss Plaintiff's Second Amended Complaint (Fld 8-27-07)
2.) Defendants Irma Loose and May Loo Music's Joinder in Terence Loose's Motion to Dismiss Plaintiff's 2nd Amended Complaint (Fld 8-28-07)

Cause called and counsel make their appearances. The Court's tentative ruling is issued. Counsel make their arguments. The Court directs

defendants to file a memorandum regarding the intervening plaintiff's 41(a)(1) dismissal that has been lodged with the Court. The above referenced motions are under taken under submission until ruling is made on the plaintiff's 41(a)(1) dismissal.

Emil Cadkin et al. v. May-Loo Music, Inc. et al., SACV 03-1591-JVS (SHx)

Tentative Order Granting Motion to Dismiss

Defendants May-Loo Music, Irma Loose, and Terence Loose, as trustee of the William Loose Family Trust (collectively, "May-Loo") seek an order dismissing the Second Amended Complaint ("SAC") of Plaintiffs Emil and Lila Cadkin, as trustees of the Cadkin Trust (collectively "Cadkin"). Cadkin has not opposed the motion.

I. LEGAL STANDARD

Under Rule 12(b)(6), a defendant may move to dismiss for failure to state a claim upon which relief can be granted. A plaintiff must state "enough facts to state a claim to relief that is plausible on its face." Bell Atlantic Corp. v. Twombly, 127 S.Ct. 1955,1 974 (2007). In resolving a Rule 12(b)(6) motion, the Court must construe the Complaint in the light most favorable to the plaintiff and must accept all well-pleaded factual allegations as true. Cahill v. Liberty Mutual Ins. Co., 80 F.3d 336, 337-38 (9th Cir. 1996). The Court must also accept as true all reasonable inferences to be drawn from the material allegations in the Complaint. Pareto v. F.D.I.C., 139 F.3d 696, 699 (9th Cir. 1998).

II. DISCUSSION

A. Background

Cadkin alleges the following. From about 1959 through the 1970's, Cadkin, sometimes solely and sometimes with William Loose, created and recorded thousands of music cues. These music cues were administered by GRH music, a partnership owned jointly by Cadkin and Loose. In the 1960's, Cadkin authorized Loose to license the music cues to third parties through the Capital Records Music Library Department. Thereafter, Loose, unbeknownst to Cadkin, licensed rights to use music cues in the GRH Catalogue to other parties, including May-Loo. Loose failed to credit Cadkin as the author or co-author in many of the license agreements entered into by Loose. Instead, Loose listed himself as the sole author, or as co-author with other composers, allowing Loose to receive income deriving from the GRH Catalogue. Loose did not remit any such income to Cadkin. Loose then altered documents associated with the GRH Catalogue to eliminate Cadkin as author or co-author, and listed Loose as the sole author with May-Loo as the publisher. Loose also renamed and reregistered the Cadkin's works with the U.S. Copyright Office, listing himself as the sole composer and owner.

Cadkin further alleges that, after William Loose's death, Irma Loose and the Loose trust continued to license and profit from recordings in which Cadkin has an ownership interest. Cadkin claims that each Defendant fraudulently concealed their conduct and did not communicate their repudiation of Cadkin's interest until within three years of the filing of the complaint.

B. Cadkin's failure to oppose the motion

Many of the arguments on the instant motion are familiar. This motion seeks to dismiss Cadkin's Second Amended Complaint.

Pursuant to Local Rule 7-9, Cadkin was to serve and file his opposition on or before September 3, 2007. Cadkin has failed to respond to counsel's attempts to meet and confer as required by Local Rule 7-3, has failed to respond to the instant motion, and has failed to timely respond to the Court's telephonic inquiries. In this Court's August 8, 2007 Order taking May-Loo's prior motion to dismiss off calendar for failure to comply with Local Rule 7-3, the Court stated:

> Should the parties fail to resolve their differences at the 7-3 conference by an agreement to cure any apparent defects, the Court expects that May-Loo will tailor a motion to dismiss to address matters not already addressed by its prior motions to dismiss, and that Cadkin will respond to those contentions with substantive argument and legal support.

Cadkin has failed to respond at all, much less with the requisite substantive argument and legal support. Cadkin has accordingly violated this Court's August 8, 2007 Order, and Local Rules 7-3 and 7-9. Under Local Rule 7-12, failure to file required papers "may be deemed consent to the granting or denial of the motion." See, e.g.,

Moore v. La Habra Relocations, Inc., 2007 WL 2269818 at * 1 (C.D. Cal. August 8, 2007). The Court deems Cadkin's failure to oppose the motion as consent to granting the motion.

C. The merits of the motion

The Court reaches the same conclusion on the merits.

The SAC includes state law claims that are not substantively distinguishable from copyright infringement. The state law claims are therefore preempted by the Copyright Act. See 17 U.S.C. § 301; Del Madera Props. v. Rhodes & Gardner, Inc., 820 F.2d 973, 976 (9th Cir. 1987).

Because all the claims of the SAC are grounded in fraud, the heightened pleading standards of Federal Rule of Civil Procedure 9(b) apply to the entire SAC. However, the underlying conduct alleged to be fraudulent is not pled with the requisite specificity. Despite the Court's specific instructions in the August 8, 2007 Order, the SAC still fails to specifically aver the time, place, and content of the alleged misrepresentations or omissions; identify what individuals made the alleged misrepresentations or omissions; or allege with particularity the musical works at issue. This is an independent ground for dismissing the action with prejudice under Rule 12(b)(6). See, e.g., Moviecolor Ltd. v. Eastman Kodak Co., 288 F.2d 80, 88 (2d Cir. 1961) (affirming denial of leave to amend, noting that, though leave to amend shall be freely given when justice so

requires, "surely that freedom must diminish as the litigation progresses").

Cadkin's copyright claim was previously abandoned, and cannot now be reasserted in the SAC *London v. Coopers Lybrand*, 644 F.2d 811, 814 (9th Cir. 1981).

II CONCLUSION

For the aforementioned reasons, the Court grants the motion without leave to amend.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
CIVIL MINUTES - GENERAL

Case No. SACV 03-1591-JVS (SHx) Date July 10, 2007

Title: Emil Cadkin v.
Irma Loose, et al.

Present: The Honorable James V. Selna

Karla J. Tunis	Not Present
Deputy Clerk	Court Reporter
Attorneys Present for Plaintiffs:	Attorneys Present for Defendants:
Not Present	Not Present

Proceedings: (In Chambers) Order Denying Plaintiff's Motion to Remand

Plaintiffs Emil Cadkin and Lila Cadkin as trustees of the Cadkin Trust (collectively "Cadkin") move the Court to remand this case to state court. Cadkin asserts that the "improprieties [which Cadkin has unearthed] are better resolved in state court." (Motion, p. 2.) Cadkin's proposed Second Amended Complaint states only state causes of action (Motion, Amended Complaint.)

The difficulty with the present Motion is that the case was never in state court. The action was initiated in this Court with a Complaint filed October 22, 2003. The

Court has neither statutory nor case law power to send a case to state court which was initiated in federal court, and none of the authorities cited by Cadkin support such an action. Indeed, Cadkin's authorities point up the need for a prior removal:

> In *Carnegie-Mellon*, the Court, in a reaffirmance of *United Mine Workers v. Gibbs*, 383 U.S. 715,86 S.Ct. 1130,16 LEd.2d 218 (1966), held that a district court has discretion to remand a properly removed case to state court when none of the federal claims are remaining, "upon a proper determination that retaining jurisdiction over the case would be inappropriate." 484 U.S. at 357,108 S.Ct. at 622.

Harrell v. 20th Century Ins. Co., 934 F.2d 203, 205 (9th Cir. 1991) (emphasis supplied).

The Motion is denied.

Pursuant to Federal Rule of Civil Procedure 78 and Local Rule 7-15, the Court deems the matter submitted without oral argument, and removes the July 30, 2007 hearing from its calendar.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
CIVIL MINUTES - GENERAL

Case No. SACV 03-1591-JVS (SHx) Date May 31, 2007

Title: Emil Cadkin v. Irma Loose, et al.

Present: The Honorable James V. Selna

Karla J. Tunis	Not Present
Deputy Clerk	Court Reporter
Attorneys Present for Plaintiffs:	Attorneys Present for Defendants:
Not Present	Not Present

Proceedings: (In Chambers) Order Granting in Part and Denying in Part Defendants May Loo Music, Inc. And Irma Loose's Motion to Dismiss 1st Amended Complaint (Fld 5-11-07) [Joinder by Terence Loose(fld 5-11-07)] AND Defendant Terrence Loose, etc.'s Motion to Mismiss 1st Amended Complaint or in the alternative, an order for more definite statement (Fld 5-11-07)

Defendants May-Loo Music, Irma Loose, and Terence Loose, as trustee of the William Loose Family

Trust (collectively, "May-Loo") seek an order dismissing the First Amended Complaint ("FAC") of Plaintiffs Emil and Lila Cadkin, as trustees of the Cadkin Trust (collectively, "Cadkin"). Cadkin opposes the motions.

Many of the arguments raised by May-Loo duplicate arguments it raised in its prior motion to dismiss Cadkin's original Complaint, such as the contention that this Court lacks subject matter jurisdiction pursuant to 17 U.S.C. section 411(a) and that Cadkin's claims are barred by res judicata principles.

Nonetheless, Cadkin's opposition makes no legal argument whatever, and fails to cite to a single source of legal authority. As the Ninth Circuit has held, "[w]e require contentions to be accompanied by reasons." Independent Towers of Washington v. Washington, 350 F.3d 925, 930 (2003). "The art of advocacy is not one of mystery. Our adversarial system relies on the advocates to inform the discussion and raise the issues to the court." Id. at 929. This Court similarly "cannot manufacture arguments" on behalf of Cadkin. Id.

As a result, the Court grants May-Loo's motions in part and dismisses the FAC with leave to amend. Specifically, the Court dismisses the FAC for failure to allege sufficient facts; for failure to plead fraud with specificity; for failure to state a claim for copyright infringement; for failure to state a claim for false designation of origin; and for failure to state an adequate

claim for declaratory relief. The Court otherwise denies May-Loo's motions.

Should Cadkin amend its pleading, Cadkin shall provide specific identifying information as to the music at issue, including detailed allegations of ownership, and whether Cadkin registered or attempted to register specific works in Cadkin's name; provide specific allegations of any fraudulent conduct; and provide specific allegations identifying the infringing acts.

Cadkin shall have twenty days from the issuance of this Order to file an amended pleading. The Court further finds that oral argument would not be helpful on this matter, and vacates the June 4, 2007 hearing. Fed. R. Civ. P. 78; L.R. 7-15.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
CIVIL MINUTES - GENERAL

Case No. SACV 03-1591-JVS (SHx) Date March 19, 2007

Title: Emil Cadkin v. Irma Loose, et al.

Present: The Honorable James V. Selna

Steve Chung	Sharon Seffens
Deputy Clerk	Court Reporter
Attorneys Present for Plaintiffs:	Attorneys Present for Defendants:
Martin O'Toole	Sandra Levin George Belfield

Proceedings: 1.) Defendantss Irma Loose and May Loo Music's Motion to Dismiss and or for Summary Judgement (Fld 2-13-07).
2.) Defendant Terence Loose, etc.'s Joinder in Defendants Irma Loose and May-Loo Music's Motion to Dismiss (Fld 2-13-07)

Cause called and counsel make their appearances. Tentative ruling issued. Counsel submit on the tentative ruling. The Court denies in part and grants in part on the

Motion to Dismiss and/or for Summary Judgment in accordance with tentative as follows:

Defendants May-Loo Music, Irma Loose, and Terence Loose, as trustee of the William Loose Family Trust (collectively, "May-Loo") seek dismissal of and/or summary judgement on the Complaint of Plaintiffs Emil and Lila Cadkin, as trustees of the Cadkin Trust (collectively, "Cadkin"). Cadkin opposes the motion.

I. LEGAL STANDARDS

A. Failure to state a claim

Under Federal Rule of Civil Procedure 12(b)(6), a motion to dismiss will not be granted unless it appears that the plaintiff can prove no set of facts in support of his claim that would entitle him to relief. Conley v. Gibson, 355 U.S. 41, 45-46 (1957). In resolving a Rule 12(b)(6) motion, the Court must construe the Complaint in the light most favorable to the plaintiff and must accept all well-pleaded factual allegations as true. Cahill v. Liberty Mutual Ins. Co., 80 F.3d 336, 337-38 (9th Cir. 1996). The Court must also accept as true all reasonable inferences to be drawn from the material allegations in the Complaint. Pareto v. F.D.I.C., 139 F.3d 696, 699 (9th Cir. 1998).

B. Summary judgment

Summary judgment is appropriate only where the record, read in the light most favorable to the non-moving

party, indicates that "there is no genuine issue as to any material fact and . . . the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c); see also Celotex Corp. v. Catrett, 477 U.S. 317, 323-24 (1986). Material facts are those necessary to the proof or defense of a claim, and are determined by reference to substantive law. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). A fact issue is genuine "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." (Id. at 248.) In deciding a motion for summary judgment, "[t]he evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor." (Id. at 255.)

The burden initially is on the moving party to demonstrate an absence of a genuine issue of material fact. Celotex, 477 U.S. at 323. If and only if the moving party meets its burden, then the non-moving party must produce enough evidence to rebut the moving party's claim and create a genuine issue of material fact. (See id. at 322-23.) If the non-moving party meets this burden, then the motion will be denied. Nissan Fire & Marine Ins. Co. v. Fritz Co., Inc., 210 F.3d 1099, 1103 (9th Cir. 2000).

C. Rule 19

Rule 19(a) of the Federal Rules of Civil Procedure requires that necessary parties be joined if feasible, and Rule 19(b) requires that a suit be dismissed if indispensable parties are not joined. See Diabled Rights

Action Committee v. Las Vegas Events, Inc., 375 F.3d 861, 867 n.5 (9th Cir. 2004).

Under Rule 19(a), a person shall be joined if possible if:

> (1) in the person's absence complete relief cannot be accorded among those already parties, or (2) the person claims an interest relating to the subject of the action and is so situated that the disposition of the action in the person's absence may (i) as a practical matter impair or impede the person's ability to protect that interest or (ii) leave any of the persons already parties subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations by reason of the claimed interest.

Under Rule 19(b), if a person meets the requirements of 19(a), but cannot be joined,

> the court shall determine whether in equity and good conscience the action should proceed among the parties before it, or should be dismissed, the absent person being thus regarded as indispensable. The factors to be considered by the court include: first, to what extent a judgment rendered in the person's absence might be prejudicial to the person or those already parties; second, the extent to which, by protective provisions in the judgment, by shaping of relief, or other measures, the prejudice can be lessened or avoided; third, whether a judgment rendered in

> the person's absence will be adequate; fourth, whether the plaintiff will have an adequate remedy if the action is dismissed for nonjoinder.

Under 19(a)(1), a party is necessary if complete relief cannot be granted in its absence. "This factor is concerned with consummate rather than partial or hollow relief as to those already parties, and with precluding multiple lawsuits on the same cause of action." Northrop Corp. v. McDonnell Douglas Corp., 705 F.2d 1030,1043 (9th Cir. 1983). The court is to inquire whether the absence of the party would preclude the district court from fashioning meaningful relief as between the parties. Id.

Under 19(a)(2), the court asks whether the absent party's participation is necessary to protect its legally cognizable interests or to protect other parties from a substantial risk of incurring multiple or inconsistent obligations because of those interests. Las Vegas Events, 375 F.3d at 880.

II. DISCUSSION

A. Background

Cadkin alleges the following. From about 1959 through the 1970's, Cadkin, sometimes solely and sometimes with William Loose, created and recorded thousands of music cues. These music cues were administered by GRH music, a partnership owned jointly

by Cadkin and Loose. In the 1960's, Cadkin authorized Loose to license the music cues to third parties through the Capital Records Music Library Department. Thereafter, Loose, unbeknownst to Cadkin, licensed rights to use music cues in the GRH Catalogue to other parties, including May-Loo. Loose failed to credit Cadkin as the author or co-author in many of the license agreements entered into by Loose. Instead, Loose listed himself as the sole author, or as co-author with other composers, allowing Loose to receive income deriving from the GRH Catalogue. Loose did not remit any such income to Cadkin. Loose then altered documents associated with the GRH Catalogue to eliminate Cadkin as author or co-author, and listed Loose as the sole author with May-Loo as the publisher. Loose also renamed and reregistered the Cadkin's works with the U.S. Copyright Office, listing himself as the sole composer and owner.

Cadkin further alleges that, after William Loose's death, Irma Loose and the Loose trust continued to license and profit from recordings in which Cadkin has an ownership interest. Cadkin claims that each Defendant fraudulently concealed their conduct and did not communicate their repudiation of Cadkin's interest until within three years of the filing of the complaint.

May-Loo alleges that Cadkin assigned all of its rights, title, and interest in Cadkin's portion of the GRH Catalogue to Don Great and Don Great Music (collectively, "Don Great Music"). In 2005, Carbert Music Inc. and Carlin Recorded Music Library Ltd.

(collectively, "Carbert") sued Don Great Music in U.S District Court for the Southern District of New York, claiming ownership of the GRH Catalogue, among other things. Don Great Music failed to appear and Carbert received a default judgment declaring that Carbert "is the owner of all right, title and interest in the GRH works". (Belfield Decl., Ex. A ¶9.)

B. Rule 19

May-Loo contends that Cadkin's failure to join Carbert and Don Great Music requires this Court to dismiss Cadkin's complaint pursuant to Rule 19 of the Federal Rules of Civil Procedure.

Here, Cadkin seeks a variety of remedies, including declaratory relief regarding Cadkin's alleged authorship and co-ownership of the Cadkin Compositions and Cadkin Sounds Recordings (Compl. ¶¶ 26-30,35-39); an accounting for sums received from the alleged exploitation of Cadkin's interest in the Cadkin Compositions (Compl. ¶¶ 31-34); damages resulting from alleged copyright infringement, fraud, violations of common law and statutory unfair competition, violations of California Civil Code Section 980, and false designation of origin (Compl. ¶¶ 40-71); and declaratory relief and an accounting regarding Cadkin's interest in the GRH catalogue. (Compl ¶¶ 72-76.)

The Court agrees with May-Loo that, under 19(a)(2), a favorable judgment for Cadkin would impair Carbert's and Don Great Music's ability to protect their

ownership interest, and would leave May-Loo subject to a substantial risk of inconsistent obligations. Carbert has received a default judgment regarding rights to much, if not all, of the recordings and compositions in dispute. Should May-Loo be found liable to Cadkin for remittances, for instance, it would be subject to inconsistent obligations to both Cadkin and Carbert for the same alleged acts.

Accordingly, the Court finds that Carbert and Don Great Music are necessary parties to the instant action, and orders Cadkin to amend its complaint to join Carbert and Don Great Music.

C. Rule 9(b)

May-Loo contends that Cadkin's allegations lack the particularity required by Rule 9(b).

Under Federal Rule of Civil Procedure 9(b) ("Rule 9(b)"), a plaintiff must plead each of the elements of a fraud claim with particularity, i.e., a plaintiff "must set forth *more* than the neutral facts necessary to identify the transaction." Cooper v. Pickett, F.3d 616, 625 (9th Cir. 1997) (emphasis in original). In other words, fraud claims must be accompanied by the "who, what, when, where, and how" of the fraudulent conduct charged. Vess v. Ciba-Geigy Corp., USA, 317 F.3d 1097, 1106 (9th Cir. 2003). A pleading is sufficient under rule 9(b) if it identifies the circumstances constituting fraud so that a defendant can prepare an adequate answer from the allegations. Moore v. Kayport Package Express.

Inc., 885 F.2d 531, 540 (9th Cir. 1989). While statements of the time, place and nature of the alleged fraudulent activities are sufficient, mere conclusory allegations of fraud are insufficient. (Id.)

Cadkin's Complaint is pled with sufficient particularity with respect to the allegations concerning William Loose. May-Loo points to the conclusory language in paragraph 20 of the Complaint. That paragraph, on its own, would certainly be insufficient. However, the Complaint provides substantial detail of the fraud alleged elsewhere. Cadkin alleges that "William Loose, after first removing the GRH name as publisher and then in many instances Cadkin's name as an author, incorporated the GRH catalogue into the May-Loo Music Library and other libraries he controlled." (Complaint ¶ 21.) Three exhibits to the Complaint provide examples of three library catalogue sheets wherein Loose allegedly removed references to Cadkin and replaced them with himself. (Complaint, Exs. C-E.) The Complaint describes how Loose allegedly submitted cue sheets to BMI that omitted Cadkin's name as composer, and the resulting royalties and license fees Loose received. (Complaint ¶ 22.)

However, the Complaint lacks the requisite specificity regarding the named defendants. There are no details concerning the time, place, or nature of any alleged fraudulent activities of Irma Loose, May-Loo Music, Inc., Terence Loose, as trustee of the William Loose Family Trust, or Does 1 though 10. William Loose is not a defendant in this case.

Accordingly, this portion of May-Loo's motion is granted without prejudice.

D Summary Judgment

Though May-Loo's opening brief is styled as a "motion to dismiss and/or for summary judgment," its motion presents arguments relevant only to a motion to dismiss. In addition, Terence Loose, in his reply brief, denies that a motion for summary judgment has been initiated by either himself or co-Defendants May-Loo Music, Inc. and Irma Loose. (Reply 7-8.) The Court, as a result, will treat the motion as a motion to dismiss.

E. Copyright registration

May-Loo contends that, under Section 411(a) of the Copyright Act, only those who have registered their claim, or requested the issuance of a copyright registration, may sue for infringement. This argument is consistent with the plain meaning of the statute, and with judicial interpretation of it. 17 U.S.C. § 411 ("no action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title"); In re World Auxiliary Power Co., 303 F.3d 1120, 1126 (9th Cir. 2002) ("an owner must register his copyright as a condition of seeking certain infringement remedies").

The Complaint states that Don Great Music registered the compositions and recordings in issue with the U.S. copyright office. (Compl. ¶ 43.) The Complaint also alleges that Cadkin is the owner of the resulting copyright certificates. (Compl. ¶ 44.) May-Loo contends that Cadkin "kept his right to collect and receive the 'writers share' of any royalties generated under the Publishing Agreement" with Don Great Music. (Opening Br. 1.) This is more, therefore, than a bare assignment of a right to sue.[5] Assuming that Cadkin's allegations are true, the works in issue were registered with the Copyright Office in compliance with Section 411(a) of the Copyright Act, and Cadkin possesses a greater ownership interest than the mere right to sue.

This portion of May-Loo's motion is accordingly denied.

F. Res Judicata

In order to bar a later suit under the doctrine of res judicata, an adjudication must (1) involve the same "claim" as the later suit, (2) have reached a final judgment on the merits, and (3) involve the same parties or their privies. Nordhorn v. Ladish Co., Inc., 9 F.3d 1402, 1403 (9th Cir 1993).

The third prong requires that the prior adjudication must have involved the same parties or those in privity with them. If the prior adjudication involved different parties, as it does here, the privity required must be one of "substantial

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5 In this Circuit, a "bare assignment of an accured cause of action is impermissible under 17 U S.C § 501(b)." Silvers v. Sony Pictures Entertainment, Inc., 402 F.3d 881, 890 (9th Cir. 2005).

identity" between the parties; the parties' interests must be so closely aligned that the party in the prior case acted as a "virtual representative" to the party in the instant case. U.S. v. ITT Rayonier, Inc., 627 F.2d 996, 1003 (1980).

The similarity of interests required by res judicata is not satisfied here. As described above, Cadkin allegedly did not convey its entire ownership interest to Don Great Music. May-Loo has not alleged that the relationship between Cadkin and Don Great Music was such that Don Great Music constituted a "virtual representative" of Cadkin in the prior action.

Accordingly, this portion of May-Loo's motion is denied.

G. Preemption

May-Loo contends that Cadkin's state law claims are preempted by federal copyright law. Section 301 of the Copyright Act creates a two-part test for preemption. Del Madera Properties v. Rhodes and Gardner, Inc., 820 F.2d 973, 976 (9th Cir. 1987). First, the works in issue here "must come within the subject matter of copyright as defined in Sections 102 and 103 of the Copyright Act. Second, the rights granted under state law must be 'equivalent to any of the exclusive rights within the general scope of copyright as specified by Section 106 of the Copyright Act.'" Id. (internal citations and quotations omitted).

Under the first requirement, Cadkin's claims, as Cadkin states them, come within the subject matter of the Copyright act. Under the second requirement, May-Loo contends that each of Cadkin's state law claims are equivalent to those rights protected by the Copyright Act. Cadkin fails to dispute whether any of its state law claims are equivalent to the exclusive rights within the scope of the Copyright act. The Court agrees with May-Loo that each of Cadkin's state law claims - declaratory relief regarding authored works, unfair competition, violations of California Civil Code section 980, and an alternative claim for declaratory relief and accounting - are not qualitatively different than copyright infringement. The claims are accordingly preempted. See Madiun Record Corp. v. Hormel 657 F. Supp. 1236, 1241 (C.D. Cal. 1987).

This portion of May-Loo's motion is granted.

III. CONCLUSION

For the aforementioned reasons, the Court:

1 Orders Cadkin to join Carbert Music Inc., Carlin Recorded Music Library Ltd., Don Great, Don Great Music, and Tinseltown, Inc.;

2 Denies May-Loo's motion with respect to lack of subject matter jurisdiction and res judicata contentions; and

3 Grants May-Loo's motion with respect to Cadkin's state law claims and fraud claims, and accordingly dismisses those claims without prejudice.

Cadkin has twenty days from the issuance of this Order to file an amended pleading.